Sberbank of Russia and its subsidiaries

Interim Condensed Consolidated Financial Statements and Report on Review

30 September 2016

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Report on Review of Interim Condensed Consolidated Financial Statements

To the Shareholders and the Supervisory Board of Sberbank

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Sberbank and its subsidiaries (the "Group") as at 30 September 2016 and the related interim consolidated statements of profit or loss and comprehensive income for the three-month and nine-month periods then ended, interim consolidated statements of changes in equity and cash flows for the nine-month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

AO PricewaterhouseCoopers Audit

14 November 2016
Moscow, Russian Federation

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Interim Consolidated Statement of Financial Position

in billions of Russian Roubles	Note	30 September 2016 (unaudited)	31 December 2015
ASSETS			
Cash and cash equivalents		2,337.8	2,333.6
Mandatory cash balances with central banks		418.8	387.9
Financial assets at fair value through profit or loss	5	631.2	866.8
Due from banks	6	466.2	750.6
Loans and advances to customers	7	17,781.3	18,727.8
Securities pledged under repurchase agreements	8	260.8	222.0
Investment securities available-for-sale	9	1,894.7	1,874.3
Investment securities held-to-maturity	10	448.1	477.7
Deferred tax asset		15.9	17.3
Premises and equipment		501.3	499.2
Assets of the disposal groups and non-current assets held for sale	11	8.0	212.7
Other financial assets	12	392.4	671.0
Other non-financial assets	12	375.1	293.8
TOTAL ASSETS		**25,531.6**	**27,334.7**
LIABILITIES			
Due to banks	13	711.6	1,045.9
Due to individuals	14	12,088.1	12,043.7
Due to corporate customers	14	6,521.8	7,754.6
Debt securities in issue	15	1,272.4	1,378.5
Other borrowed funds		281.5	398.0
Financial liabilities at fair value through profit or loss other than debt securities in issue	16	230.6	426.6
Deferred tax liability		63.8	132.0
Liabilities of the disposal groups	11	2.0	185.9
Provisions on insurance and pension operations	17	463.4	323.6
Other financial liabilities	17	287.4	397.6
Other non-financial liabilities	17	94.6	66.8
Subordinated debt	18	781.4	806.5
TOTAL LIABILITIES		**22,798.6**	**24,959.7**
EQUITY			
Share capital		87.7	87.7
Treasury shares		(9.8)	(6.7)
Share premium		232.6	232.6
Revaluation reserve for office premises		66.0	69.3
Fair value reserve for investment securities available-for-sale		22.7	(45.7)
Foreign currency translation reserve		37.6	101.1
Remeasurement of defined benefit pension plans		(1.3)	(0.7)
Retained earnings		2,294.8	1,935.2
Total equity attributable to shareholders of the Bank		**2,730.3**	**2,372.8**
Non-controlling interest		2.7	2.2
TOTAL EQUITY		**2,733.0**	**2,375.0**
TOTAL LIABILITIES AND EQUITY		**25,531.6**	**27,334.7**

Approved for issue and signed on behalf of the Management Board on 14 November 2016.

Herman Gref,
Chairman of the Management Board and CEO

Marina Lukianova,
Chief Accountant

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Interim Consolidated Statement of Profit or Loss

(unaudited) *in billions of Russian Roubles*	Note	Nine months ended 30 September 2016	Nine months ended 30 September 2015	Three months ended 30 September 2016	Three months ended 30 September 2015
Interest income	19	1,803.6	1,680.7	591.1	574.2
Interest expense	19	(760.1)	(962.0)	(234.7)	(301.0)
Deposit insurance expenses	19	(35.9)	(27.9)	(13.6)	(9.8)
Net interest income		**1,007.6**	**690.8**	**342.8**	**263.4**
Net provision charge for impairment of debt financial assets	7,10	(282.1)	(362.5)	(101.7)	(130.1)
Net interest income after provision charge for impairment of debt financial assets		**725.5**	**328.3**	**241.1**	**133.3**
Fee and commission income	20	311.5	269.1	112.2	99.2
Fee and commission expense	20	(59.8)	(45.7)	(23.6)	(17.3)
Net gains from trading securities		6.5	2.8	2.2	0.6
Net gains from securities designated as at fair value through profit or loss		3.8	8.2	—	0.5
Net gains from investment securities available-for-sale		9.3	4.4	2.6	2.2
Impairment of investment securities available-for-sale		(0.3)	(0.4)	—	(0.4)
Net (losses) / gains from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	21	(46.2)	62.0	(3.3)	17.5
Net gains / (losses) from operations with precious metals, precious metals derivatives and precious metals accounts translation		4.4	(1.2)	(0.4)	(2.6)
Net (losses) / gains from operations with other derivatives		(6.6)	4.4	(3.5)	5.0
Goodwill impairment		(0.3)	(0.2)	—	—
Losses on initial recognition of financial instruments and on loans restructuring		—	(1.5)	—	—
Net charge for other provisions	12,17	(13.2)	(3.5)	(5.0)	(6.7)
Revenue of non-banking business activities	22	21.4	16.6	7.8	6.8
Cost of sales and other expenses of non-banking business activities	22	(18.8)	(17.2)	(6.8)	(6.4)
Net premiums from insurance and pension fund operations	23	167.2	202.6	27.7	18.8
Net claims, benefits, change in contract liabilities and acquisition costs on insurance and pension fund operations	23	(160.0)	(196.7)	(25.2)	(17.7)
Other net operating income		28.9	16.7	7.5	4.6
Operating income		**973.3**	**648.7**	**333.3**	**237.4**
Operating expenses	24	(475.6)	(431.7)	(163.0)	(145.4)
Profit before tax		**497.7**	**217.0**	**170.3**	**92.0**
Income tax expense		(97.6)	(66.7)	(33.3)	(26.9)
Profit for the period		**400.1**	**150.3**	**137.0**	**65.1**
Attributable to:					
- shareholders of the Bank		399.7	150.2	137.1	65.4
- non-controlling interest		0.4	0.1	(0.1)	(0.3)
Earnings per ordinary share attributable to the shareholders of the Bank, basic and diluted (expressed in RR per share)	**25**	**18.46**	**6.96**	**6.36**	**3.04**

Approved for issue and signed on behalf of the Management Board on 14 November 2016.

Herman Gref,
Chairman of the Management Board and CEO

Marina Lukianova,
Chief Accountant

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Interim Consolidated Statement of Comprehensive Income

(unaudited) *in billions of Russian Roubles*	Nine months ended 30 September **2016**	 **2015**	Three months ended 30 September **2016**	 **2015**
Profit for the period	**400.1**	**150.3**	**137.0**	**65.1**
Other comprehensive income:				
Items to be reclassified to profit or loss in subsequent periods				
Investment securities available-for-sale:				
- Net gains / (losses) on revaluation of investment securities available-for-sale, net of tax	75.6	101.3	8.1	(4.5)
- Impairment of investment securities available-for-sale transferred to statement of profit or loss, net of tax	0.2	0.3	—	0.3
- Accumulated gains transferred to statement of profit or loss upon disposal of investment securities available-for-sale, net of tax	(7.4)	(3.5)	(2.0)	(1.7)
Exchange differences on translating foreign operations	(63.5)	(15.3)	(12.5)	20.6
Total other comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods, net of tax	**4.9**	**82.8**	**(6.4)**	**14.7**
Items that will not be reclassified to profit or loss in subsequent periods				
Remeasurement of defined benefit pension plans	(0.6)	(1.0)	—	0.2
Total other comprehensive (loss) / income that will not be reclassified to profit or loss in subsequent periods	**(0.6)**	**(1.0)**	**—**	**0.2**
Total other comprehensive income / (loss)	**4.3**	**81.8**	**(6.4)**	**14.9**
Total comprehensive income for the period	**404.4**	**232.1**	**130.6**	**80.0**
Attributable to:				
- shareholders of the Bank	404.0	232.0	130.7	80.3
- non-controlling interest	0.4	0.1	(0.1)	(0.3)

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Interim Consolidated Statement of Changes in Equity

in billions of Russian Roubles	Note	Share capital	Treasury shares	Share premium	Revaluation reserve for office premises	Fair value reserve for investment securities available-for-sale	Foreign currency translation reserve	Remeasurement of defined benefit pension plans	Retained earnings	Total	Non-controlling interest	Total equity
		Attributable to shareholders of the Bank										
Balance as at 31 December 2014		**87.7**	**(7.6)**	**232.6**	**72.3**	**(171.4)**	**83.2**	**—**	**1,718.8**	**2,015.6**	**4.5**	**2,020.1**
Changes in equity for the nine months ended 30 September 2015 (unaudited)												
Net result from treasury shares transactions		—	1.2	—	—	—	—	—	0.2	**1.4**	—	**1.4**
Dividends declared	25	—	—	—	—	—	—	—	(10.2)	**(10.2)**	—	**(10.2)**
Transfer of revaluation reserve for office premises upon disposal or depreciation		—	—	—	(2.1)	—	—	—	2.1	**—**	—	**—**
Changes in ownership interest in subsidiaries		—	—	—	—	—	—	—	—	**—**	(0.7)	**(0.7)**
Profit for the period		—	—	—	—	—	—	—	*150.2*	***150.2***	*0.1*	***150.3***
Other comprehensive income / (loss) for the period		—	—	—	—	*98.1*	*(15.3)*	*(1.0)*	—	***81.8***	—	***81.8***
Total comprehensive income / (loss) for the period		—	—	—	—	98.1	(15.3)	(1.0)	150.2	**232.0**	0.1	**232.1**
Balance as at 30 September 2015 (unaudited)		**87.7**	**(6.4)**	**232.6**	**70.2**	**(73.3)**	**67.9**	**(1.0)**	**1,861.1**	**2,238.8**	**3.9**	**2,242.7**
Balance as at 31 December 2015		**87.7**	**(6.7)**	**232.6**	**69.3**	**(45.7)**	**101.1**	**(0.7)**	**1,935.2**	**2,372.8**	**2.2**	**2,375.0**
Changes in equity for the nine months ended 30 September 2016 (unaudited)												
Net result from treasury shares transactions		—	(3.1)	—	—	—	—	—	1.0	**(2.1)**	—	**(2.1)**
Dividends declared	25	—	—	—	—	—	—	—	(44.4)	**(44.4)**	—	**(44.4)**
Transfer of revaluation reserve for office premises upon disposal or depreciation		—	—	—	(3.3)	—	—	—	3.3	**—**	—	**—**
Changes in ownership interest in subsidiaries		—	—	—	—	—	—	—	—	**—**	0.1	**0.1**
Profit for the period		—	—	—	—	—	—	—	*399.7*	***399.7***	*0.4*	***400.1***
Other comprehensive income / (loss) for the period		—	—	—	—	*68.4*	*(63.5)*	*(0.6)*	—	***4.3***	—	***4.3***
Total comprehensive income / (loss) for the period		—	—	—	—	68.4	(63.5)	(0.6)	399.7	**404.0**	0.4	**404.4**
Balance as at 30 September 2016 (unaudited)		**87.7**	**(9.8)**	**232.6**	**66.0**	**22.7**	**37.6**	**(1.3)**	**2,294.8**	**2,730.3**	**2.7**	**2,733.0**

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Interim Consolidated Statement of Cash Flows

(unaudited) *in billions of Russian Roubles*	Nine months ended 30 September 2016	2015
Cash flows from operating activities		
Interest received	1,649.2	1,524.0
Interest paid	(689.2)	(835.3)
Deposit insurance expenses paid	(32.4)	(26.3)
Fees and commissions received	315.0	289.6
Fees and commissions paid	(57.7)	(45.8)
Net losses incurred on trading securities	(0.9)	—
Dividends received	2.0	1.6
Net gains received / (losses incurred) on securities designated as at fair value through profit or loss	0.6	(1.6)
Net losses incurred from trading in foreign currencies and from operations with foreign currency derivatives	(16.5)	(99.5)
Net gains received / (losses incurred) from operations with other derivatives	7.9	(2.2)
Net gains received / (losses incurred) from operations with precious metals and precious metals derivatives	1.1	(2.5)
Revenue received from non-banking business activities	27.0	17.3
Expenses paid on non-banking business activities	(21.9)	(16.9)
Insurance premiums received	65.5	19.1
Claims, benefits and acquisition costs on insurance operations paid	(1.7)	(0.7)
Pension fund premiums received	102.2	162.0
Claims, benefits and acquisition costs on pension fund operations paid	(19.0)	(7.8)
Other operating income received	10.3	11.5
Operating expenses paid	(354.3)	(342.7)
Income tax paid	(144.4)	(9.8)
Cash flows from operating activities before changes in operating assets and liabilities	**842.8**	**634.0**
Changes in operating assets and liabilities		
Net increase in mandatory cash balances with central banks	(78.1)	(17.0)
Net increase in financial assets at fair value through profit or loss	(60.0)	(123.3)
Net decrease / (increase) in due from banks	314.5	(574.1)
Net increase in loans and advances to customers	(336.4)	(85.5)
Net decrease in other assets	90.2	49.0
Net decrease in due to banks	(303.3)	(2,027.1)
Net increase in due to individuals	563.3	1,422.6
Net (decrease) / increase in due to corporate customers	(562.1)	912.4
Net increase in debt securities in issue	31.9	82.2
Net increase / (decrease) in financial liabilities at fair value through profit or loss other than debt securities in issue	1.8	(10.4)
Net decrease in other liabilities	(123.0)	(19.1)
Net cash from operating activities	**381.6**	**243.7**

Interim Consolidated Statement of Cash Flows (Continued)

(unaudited) *in billions of Russian Roubles*	Note	Nine months ended 30 September 2016	 2015
Cash flows from investing activities			
Purchase of investment securities available-for-sale		(1,316.2)	(423.1)
Proceeds from disposal and redemption of investment securities available-for-sale		1,175.6	594.7
Interest received on investment securities available-for-sale		103.0	89.3
Purchase of investment securities held-to-maturity		(56.1)	(17.0)
Proceeds from redemption of investment securities held-to-maturity		63.7	33.0
Interest received on investment securities held-to-maturity		28.2	23.3
Acquisition of premises and equipment and intangible assets		(76.5)	(52.0)
Proceeds from disposal of premises and equipment and intangible assets including insurance payments		16.9	5.6
Acquisition of investment property		(0.1)	(0.3)
Proceeds from disposal of investment property		0.4	0.3
Proceeds from disposal of associates		0.4	—
Proceeds from disposal of subsidiaries net of cash disposed		15.1	0.6
Net cash (used in) / from investing activities		**(45.6)**	**254.4**
Cash flows from financing activities			
Other borrowed funds received		121.6	104.2
Redemption of other borrowed funds		(179.4)	(314.7)
Repayment of interest on other borrowed funds		(5.6)	(8.4)
Funds received from subordinated debt issued or reissued		0.2	—
Redemption of subordinated debt		(12.0)	(14.2)
Repayment of interest on subordinated debt		(9.9)	(9.5)
Funds received from loan participation notes issued or reissued / other bonds issued		2.4	11.3
Redemption of loan participation notes / other bonds issued		(42.0)	(148.4)
Repayment of interest on loan participation notes / other bonds issued		(26.6)	(31.8)
Cash received from non-controlling shareholders		0.5	—
Purchase of treasury shares		(3.9)	(3.8)
Proceeds from disposal of treasury shares		1.7	5.0
Dividends paid	25	(44.5)	(10.3)
Net cash used in financing activities		**(197.5)**	**(420.6)**
Effect of exchange rate changes on cash and cash equivalents		(134.8)	130.2
Net effect of changes in cash and cash equivalents included in disposal groups		0.5	2.7
Net increase in cash and cash equivalents		**4.2**	**210.4**
Cash and cash equivalents as at the beginning of the period		**2,333.6**	**2,308.8**
Cash and cash equivalents as at the end of the period		**2,337.8**	**2,519.2**

1 Introduction

These interim condensed consolidated financial statements of Sberbank of Russia (Sberbank, the "Bank") and its subsidiaries (together referred to as the "Group" or "Sberbank Group") have been prepared in accordance with IAS 34 "Interim Financial Reporting" for the nine months ended 30 September 2016. Principal subsidiaries include Russian and foreign commercial banks and other companies controlled by the Group. A list of principal subsidiaries included in these interim condensed consolidated financial statements is disclosed in Note 34.

The Bank is a public joint-stock commercial bank established in 1841 and operating in various forms since then. The Bank was incorporated and is domiciled in the Russian Federation. The Bank's principal shareholder, the Central Bank of the Russian Federation (the "Bank of Russia"), owns 52.3% of ordinary shares or 50.0% plus 1 share of the issued and outstanding shares as at 30 September 2016 (31 December 2015: 52.3% of ordinary shares or 50.0% plus 1 share of the issued and outstanding shares).

As at 30 September 2016 the Supervisory Board of the Bank is headed by Sergey M. Ignatiev, Chairman of the Bank of Russia in the period of 2002-2013. The Supervisory Board of the Bank includes representatives from both the Bank's principal shareholder and other shareholders as well as independent directors.

The Bank operates under a general banking license issued by the Bank of Russia since 1991. In addition, the Bank holds licenses required for trading and holding securities and engaging in other securities-related activities, including acting as a broker, a dealer, a custodian, and provision of asset management services. The Bank is regulated and supervised by the Bank of Russia as a united regulator for banking, insurance and financial markets activities in the Russian Federation. The Group's banks/companies operate under the banking/companies regulatory regimes of their respective countries.

The Group's principal business activity is corporate and retail banking. This includes, but is not limited to, deposit taking and commercial lending in freely convertible currencies, local currencies of countries where the subsidiary banks operate and in Russian Roubles, support of clients' export/import transactions, foreign exchange, securities trading, and trading in derivative financial instruments. The Group's operations are conducted in both Russian and international markets. As at 30 September 2016 the Group conducts its business in Russia through Sberbank with its network of 14 (31 December 2015: 16) regional head offices, 79 (31 December 2015: 78) branches and 15,705 (31 December 2015: 16,400) sub-branches, and through principal subsidiaries located in Russia such as JSC Sberbank Leasing, LLC Sberbank Capital, companies of ex-Troika Dialog Group Ltd., JSC Non-state Pension Fund of Sberbank, LLC Insurance company "Sberbank insurance life", LLC Insurance company "Sberbank insurance", LLC Sberbank Factoring and Cetelem Bank LLC (former BNP Paribas Vostok LLC). From 1 January 2016 Vostochno-Sibirsky Regional head office was reorganized by reallocation of its branch network into organizational structure of Sibirsky Regional head office whereas Severo-Kavkazsky Regional head office was reorganized by reallocation of its branch network into organizational structure of Yugo-Zapadny Regional head office. The Group carries out banking operations in Turkey, Ukraine, Belarus, Kazakhstan, Austria, Switzerland and other countries of Central and Eastern Europe and also conducts operations through a branch office in India, representative offices in Germany and China and companies of ex-Troika Dialog Group Ltd. located in the United States of America, the United Kingdom, Cyprus and certain other jurisdictions.

The actual headcount of the Group's employees as at 30 September 2016 was 328,679 (31 December 2015: 330,677).

Registered address and place of business. The Bank's registered address is: Vavilova str., 19, Moscow, Russian Federation.

Presentation currency. These interim condensed consolidated financial statements are presented in Russian Roubles ("RR"). All amounts are expressed in RR billions unless otherwise stated.

At 30 September 2016 the principal rates of exchange used for translating each entity's functional currency into the Group's presentation currency and foreign currency monetary balances were as follows:

	/RR	/UAH	/BYN	/KZT	/EUR	/CHF	/TRY
RR/	1.000	0.410	0.031	5.303	0.014	0.015	0.047
USD/	63.158	25.900	1.926	334.905	0.891	0.971	2.997
EUR/	70.882	29.068	2.162	375.864	1.000	1.090	3.363

1 Introduction (Continued)

At 31 December 2015 the principal rates of exchange used for translating each entity's functional currency into the Group's presentation currency and foreign currency monetary balances were as follows:

	/RR	/UAH	/BYR	/KZT	/EUR	/CHF	/TRY
RR/	1.000	0.328	256.755	4.648	0.013	0.014	0.040
USD/	72.883	23.925	18,713.014	338.729	0.914	0.991	2.906
EUR/	79.697	26.162	20,462.673	370.400	1.000	1.084	3.178

2 Operating Environment of the Group

The Group conducts its business in the Russian Federation, Turkey, Belarus, Kazakhstan, Ukraine, Austria, Switzerland and other countries of Central and Eastern Europe, and also conducts operations through a branch office in India, representative offices in Germany and China and companies of ex-Troika Dialog Group Ltd. located in the United States of America, the United Kingdom, Cyprus and certain other jurisdictions.

Russian Federation. The most part of the Group operations is conducted in the Russian Federation.

During the nine months 2016 the Russian economy demonstrated uncertain dynamics. A number of economic indicators of January - September 2016 reflect the decline of influence of the main negative factors on economic development. At the same time the factors of investments reduction and decline in the household consumption continue to exert significant negative impact on the growth of the economy of the Russian Federation. In addition to the factors above the duration and depth of the recession were caused by unfavorable raw material market conjuncture, particularly low oil prices, and the effect of international sectoral sanctions against Russia.

At the end of the nine months of 2016 GDP declined by 0.7%[1] year-on-year. The dynamics of GDP excluding the influence of seasonal factors has been uncertain (decline of 0.1% in July, increase by 0.3% in August, and decrease by 0.2% in September)[1].

The industrial output increased by 0.3%[2] in the first nine months of 2016 year-on-year.

Retail sales decreased by 5.4%[2] for the nine months of 2016 year-on-year. The grounds of the deepening recession in retail is continuing fall in the real disposable income (by 5.3%[2] for the nine months of 2016 year-on-year). At the same time retail lending, the reduction of which previously impacted contraction of consumption, increased by 0.7%[3] for the nine months of 2016, adjusted for the foreign exchange revaluation. The public's propensity to save has demonstrated reduction – the share of income allocated to savings amounted to 7.4%[2] of disposable income in September 2016 (8.2%[2] for the third quarter of 2016 as a whole). This indicator decreased significantly compared to the same indicator for 2015 (14.1%[2] of income) and stays at the lower level than the average rate for 2011-2014 (9.3%[2] of income). The consumer confidence index which reflects the total consumer expectations of the public increased by 7% to (19)%[2] in the third quarter of 2016 compared to the second quarter 2016.

In the nine months of 2016 consumer price inflation reached 4.1%[2], which is 2.5 times lower than a year ago (10.4%[2]). Annual consumer inflation slowed from 12.9%[2] in December 2015 to 6.4%[2] in September 2016. The trend to lower inflation increases the likelihood of the Bank of Russia key rate cut in 2017 while there is a current intention of the Bank of Russia to keep the rate fixed till the end of 2016. In June 2016 the Bank of Russia key rate was decreased by 50 basis points to 10.5% compared to the beginning of the year; in September 2016 the key rate was further decreased by 50 basis points to 10.0%.

[1] Ministry of economic development data

[2] Rosstat data

[3] Bank of Russia assessment, Russian Accounting Standards data

2 Operating Environment of the Group (continued)

During the nine months of 2016 the price per barrel of Urals oil fluctuated in the range of US 24.5-51 dollars per barrel, reaching a local minimum at US 24.5 dollars per barrel in January 2016. The dynamics of the Russian rouble exchange rate during the first nine months of 2016 was determined by the dynamics of oil prices and the reduction of geopolitical risk. By the end of January 2016 the exchange rate reached 82 Russian roubles per the US dollar after the drop in oil prices. But the gradual rise in oil prices and the ease of geopolitical tensions around Russia were followed by the rouble strengthening. By the end of September 2016 the Russian rouble appreciated to 63.2 Russian roubles per US dollar, i.e. by 13.3% in the nine months of 2016 as a whole.

For the nine months of 2016 the surplus in the current account of the balance of payments of the Russian Federation amounted to USD 15.6 billion[1] compared to USD 54.4 billion[1] year-on-year. The reduction in the surplus in the current account was caused by contraction of export operations due to drop in oil prices. The capital outflow reached USD 9.6 billion[1] for the nine months 2016. During the nine months of 2016 the foreign debt of the Russian Federation decreased by USD 2.4 billion[1] to USD 516.1 billion[1] caused by the reduction of debt of the banking sector.

Russian banking sector completed the nine months of 2016 with a profit of RR 635 billion[1] compared to RR 127 billion[1] for the nine months of 2015. Taking into account profit earned by the Bank, the rest of the Russian banking system earned profit of RR 258 billion[1].

In the nine months of 2016 assets of the Russian banking system adjusted for the foreign exchange revaluation increased by 0.4%[1]. The loan portfolio of the Russian banking sector adjusted for the foreign exchange revaluation declined by 1.3%[1] in the nine months of 2016, primarily due to the reduction of the corporate portfolio by 2.0%[1].

In the nine months of 2016 deposits of individuals increased by 4.4%[1] (adjusted for the foreign exchange revaluation), while deposits and current/settlement accounts of corporate clients decreased by 4.1%[1] (adjusted for the foreign exchange revaluation).

During the nine months of 2016 the share of overdue loans in the corporate loan portfolio grew up from 6.2%[1] to 6.8%[1], and in the retail loan portfolio - from 8.1%[1] to 8.5%[1]. Banks continue to allocate substantial amounts to provisions for loan impairment. Additional provision charge for loan impairment recognized by the banks for the nine months of 2016 amounted to RR 358 billion[1] increasing total provisions by 6.6%[1] since the beginning of the year. Dependence of the Russian banking sector on the borrowings from the Bank of Russia continued to lower: its share in the total amount of liabilities and equity of the Russian banking system decreased from 6.5%[1] to 3.0%[1] (a decline of RR 3.0 trillion[1] in absolute terms) during the nine months of 2016.

At the same time the situation on the financial markets has improved considerably during the nine months of 2016. RTS index grew by 31% and MICEX index grew by 12%. Russian Rouble capitalization of the Bank increased by 43.5% for the nine months of 2016.

In September 2016 the international rating agency Standard&Poor's changed the outlook from "Negative" to "Stable" on the ratings of the Russian Federation. In October 2016 the international rating agency Fitch Ratings also changed the outlook from "Negative" to "Stable" on the long-term issuer default ratings of the Russian Federation. Besides, in October 2016 the rating agency Fitch Ratings changed the outlook from "Negative" to "Stable" on the long-term issuer default ratings of the Bank, which were affirmed at the investment level.

Other jurisdictions. In addition to Russia the Group conducts operations in Belarus, Kazakhstan, Ukraine, Central and Eastern Europe (Austria, Czech Republic, Bosnia and Herzegovina, Slovenia, Serbia, Hungary, Croatia), Turkey, Switzerland and some other countries. Tough economic and liquidity situation in many countries led to a decrease or insignificant growth of GDP followed by shrinking in consumption as well as in investment activities. The primary goals of the local regulators included supporting financial stability, management of budget deficit and inflation level regulation.

On 1 July 2016 the official currency unit of Belarus - Belarusian Rouble - was denominated in propotion of 10 000 old Belarusian Roubles (BYR – old symbol) to 1 new Belarusian Rouble (BYN – new symbol).

[1] Bank of Russia assessment, Russian Accounting Standards data

2 Operating Environment of the Group (continued)

During the period ended 30 September 2016 political and economic situation in Ukraine remained unstable. National Bank of Ukraine (the "NBU") retains forecasts regarding economic recovery as well as slight GDP growth during 2016. In addition by the end of the first nine months of 2016 there was an increase in foreign currency reserves and positive balance of payments took place. Nevertheless foreign trade deficit along with the NBU forecasts of inflation rate increase remain. From 1 January 2016 and up to 30 September 2016 the Ukrainian Hryvnia (the "UAH") depreciated against major foreign currencies, wherein to US Dollar the UAH depreciated by approximately 8% calculated based on the NBU exchange rate of UAH to US Dollar (from 1 January 2015 to 31 December 2015: 52%). Although the NBU maintains the range of previously imposed restrictions on purchase of foreign currencies, cross border settlements (including payment of dividends) and obligatory conversion of foreign currency proceeds into UAH, during the first nine months of 2016 conditions of these restrictions were gradually mitigated in order to stabilize situation on monetary and foreign exchange markets. As at 30 September 2016, the Group's exposure to Ukrainian risk amounted to approximately 0.1% of total consolidated assets (31 December 2015: 0.4%). The exposure consists of net assets of and the Group funding to the Group's Ukrainian subsidiaries, as well as exposure of the Group (excluding that of its Ukrainian subsidiaries) to equity and debt instruments issued by and loans to the Ukrainian government and corporate clients. Management is monitoring these developments in the current environment and taking actions where appropriate. These and any further possible negative developments in Ukraine could adversely impact results and financial position of the Group in a manner not currently determinable.

3 Basis of Preparation

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" and should be read in conjunction with the annual consolidated financial statements of the Group as at 31 December 2015.

These interim condensed consolidated financial statements do not contain all the explanatory notes as required for a full set of consolidated financial statements.

4 Accounting Policies, Critical Accounting Estimates and Judgements, Adoption of Revised Standards, and Reclassifications

The accounting policies and methods of computation applied in the preparation of these interim condensed consolidated financial statements are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2015, except for income tax expense which is recognized in these interim condensed consolidated financial statements based on management's best estimates of the weighted average income tax rate expected for the full financial year, and except for the changes introduced due to implementation of new and/or revised standards and interpretations as at 1 January 2016 or as at the date indicated, noted below:

IFRS 14 Regulatory Deferral Accounts (issued in January 2014 and effective for annual periods beginning on or after 1 January 2016). IFRS 14 permits first-time adopters to continue to recognize amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognize such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

Accounting for Acquisitions of Interests - Amendments to IFRS 11 Joint Arrangements (issued on 6 May 2014 and effective for the periods beginning on or after 1 January 2016). The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 *Business Combinations* principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

4 Accounting Policies, Critical Accounting Estimates and Judgements, Adoption of Revised Standards, and Reclassifications (Continued)

Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38 (issued on 12 May 2014 and effective for the annual periods beginning on or after 1 January 2016). The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

Agriculture: Bearer plants - Amendments to IAS 16 and IAS 41 (issued on 30 June 2014 and effective for annual periods beginning 1 January 2016). The amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms, which now should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.

Equity Method in Separate Financial Statements** - **Amendments to IAS 27 (issued on 12 August 2014 and effective for annual periods beginning on or after 1 January 2016)***.*** The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. First-time adopters of IFRS electing to use the equity method in its separate financial statements will be required to apply this method from the date of transition to IFRS.

Amendments to IAS 1** – **Disclosure Initiative (issued in December 2014 and effective for annual periods on or after 1 January 2016). The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1,
- That specific line items in the statement(s) of profit or loss and other comprehensive income (OCI) and the statement of financial position may be disaggregated,
- That entities have flexibility as to the order in which they present the notes to financial statements,
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI.

Amendment to IFRS 10, IFRS 12 and IAS 28** – **Investment Entities: Applying the Consolidation Exception (These amendments must be applied retrospectively. Issued in December 2014 and effective for annual periods on or after 1 January 2016).

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

4 Accounting Policies, Critical Accounting Estimates and Judgements, Adoption of Revised Standards, and Reclassifications (Continued)

Improvements to IFRSs 2012-2014 Cycle. These improvements were issued on 25 September 2014 and are effective on or after 1 January 2016. They include:

- *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – changes in methods of disposal.* Assets (or disposal groups) are generally disposed of either through sale or through distribution to owners. The amendment to IFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification. The amendment must be applied prospectively to changes in methods of disposal that occur in annual periods beginning on or after 1 January 2016.

- *IFRS 7 Financial Instruments: Disclosures – servicing contracts.* IFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The IFRS Board was asked whether servicing contracts constitute continuing involvement for the purposes of applying these disclosure requirements. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required. The amendment must be applied for annual periods beginning on or after 1 January 2016. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- *IFRS 7 Financial Instruments: Disclosures - applicability of the offsetting disclosures to condensed interim financial statements.* In December 2011, IFRS 7 was amended to add guidance on offsetting of financial assets and financial liabilities. In the effective date and transition for that amendment IFRS 7 states that “An entity shall apply those amendments for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods“. The interim disclosure standard, IAS 34, does not reflect this requirement, however, and it is not clear whether those disclosures are required in the condensed interim financial report. The amendment removes the phrase ’and interim periods within those annual periods’, clarifying that these IFRS 7 disclosures are not required in the condensed interim financial report. The amendment must be applied retrospectively for annual periods beginning on or after 1 January 2016.

- *IAS 19 Employee Benefits – regional market issue regarding discount rate.* The amendment to IAS 19 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. The amendment must be applied for annual periods beginning on or after 1 January 2016.

- *IAS 34 Interim Financial Reporting – disclosure of information elsewhere in the interim financial report.* The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The International Accounting Standards Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete. The amendment should be applied retrospectively for annual periods beginning on or after 1 January 2016.

The above mentioned amended standards effective for the Group from 1 January 2016 did not have a material impact on the accounting policies, financial position or performance of the Group.

4 Accounting Policies, Critical Accounting Estimates and Judgements, Adoption of Revised Standards, and Reclassifications (Continued)

Management's estimates and judgements. Judgements and critical estimates made by Management in the process of applying the accounting policies were consistent with those disclosed in the annual consolidated financial statements for the year ended 31 December 2015.

Management has not identified new areas of judgement or critical estimates except for the updates in risk methodology on impairment provision.

Impairment provision on credit risk. Starting from the first quarter 2016 the Group introduced several updates in the provision for loan impairment methodology:

- based on the accumulated statistics on the default loans recovery and on the proceeds from collateral sale the Group has refined the approach for collective loans provisioning;
- in respect of the retail and some of the corporate loan portfolios instead of the previously used overdue loans migration models the Group now uses PD models duly adjusted to be in compliance with incurred loss model.

Developments in the methodology for loan impairment resulted in RR 26.1 billion provision release recognized in the interim consolidated statement of profit or loss within net provision charge for impairment of debt financial assets for the three months ended 31 March 2016 and nine months ended 30 September 2016.

Also starting from the first quarter 2016 the Group introduced changes in the methodology for provisioning of credit related commitments which made it similar to provisioning methodology for loan impairment.

Implementation of the improved methodology resulted in the additional provision charge of RR 6.9 billion recognized in the interim consolidated statement of profit or loss within net (charge for) / recovery of other provisions for the three months ended 31 March 2016 and nine months ended 30 September 2016.

Changes in presentation and reclassifications. During 2016 the Group improved presentation of investments in associates and other liabilities. The effect of changes on the consolidated statement of financial position as at 31 December 2015 is as follows:

(unaudited) *in billions of Russian Roubles*	**As previously reported**	**Reclassification**	**As reclassified**
Assets			
Other financial assets	664.5	6.5	671.0
Other non-financial assets	300.3	(6.5)	293.8
Liabilities			
Provisions on insurance and pension operations	—	323.6	323.6
Other financial liabilities	718.4	(320.8)	397.6
Other non-financial liabilities	69.6	(2.8)	66.8

4 Accounting Policies, Critical Accounting Estimates and Judgements, Adoption of Revised Standards, and Reclassifications (Continued)

Following the improved disclosure of operations on insurance and pension fund activities, the presentation of the comparative figures has been adjusted to be consistent with the new presentation.

(unaudited) *in billions of Russian Roubles*	**As previously reported**	**Reclassification**	**As reclassified**
Nine months ended 30 September 2015:			
Net income from insurance and pension fund operations	5.9	(5.9)	—
Net premiums from insurance and pension fund operations	—	202.6	202.6
Net claims, benefits, change in contract liabilities and acquisition costs on insurance and pension fund operations	—	(196.7)	(196.7)
Three months ended 30 September 2015:			
Net income from insurance and pension fund operations	1.1	(1.1)	—
Net premiums from insurance and pension fund operations	—	18.8	18.8
Net claims, benefits, change in contract liabilities and acquisition costs on insurance and pension fund operations	—	(17.7)	(17.7)

Following the improved disclosure of interest received on investment securities available-for-sale and investment securities held-to-maturity in the interim consolidated statement of cash flows, the presentation of comparative figures has been adjusted to be consistent with the new presentation.

(unaudited) *in billions of Russian Roubles*	**As previously reported**	**Reclassification**	**As reclassified**
Nine months ended 30 September 2015:			
Cash flows from operating activities before changes in operating assets and liabilities			
Interest received	1,636.6	(112.6)	1,524.0
Cash flows from investing activities			
Interest received on investment securities available-for-sale	—	89.3	89.3
Interest received on investment securities held-to-maturity	—	23.3	23.3

5 Financial Assets at Fair Value through Profit or Loss

in billions of Russian Roubles	**30 September 2016 (unaudited)**	**31 December 2015**
Trading securities	69.6	86.3
Securities designated as at fair value through profit or loss	295.8	245.7
Derivative financial instruments	265.8	534.8
Total financial assets at fair value through profit or loss	**631.2**	**866.8**

5 Financial Assets at Fair Value through Profit or Loss (Continued)

The composition of trading securities as at 30 September 2016 and 31 December 2015 is presented below:

in billions of Russian Roubles	30 September 2016 (unaudited)	31 December 2015
Corporate bonds	34.1	47.3
Russian federal loan bonds (OFZ bonds)	13.0	15.6
Russian Federation Eurobonds	10.2	10.7
Foreign government and municipal bonds	2.5	2.8
Russian municipal and subfederal bonds	0.2	0.1
Total debt trading securities	**60.0**	**76.5**
Corporate shares	8.7	9.8
Investments in mutual funds	0.9	—
Total trading securities	**69.6**	**86.3**

The composition of securities designated as at fair value through profit or loss as at 30 September 2016 and 31 December 2015 is presented below:

in billions of Russian Roubles	30 September 2016 (unaudited)	31 December 2015
Corporate bonds	210.4	186.0
Russian federal loan bonds (OFZ bonds)	46.0	24.7
Russian municipal and subfederal bonds	8.0	7.9
Foreign government and municipal bonds	2.7	0.5
Russian Federation Eurobonds	0.5	0.6
Total debt securities designated as at fair value through profit or loss	**267.6**	**219.7**
Corporate shares	17.8	20.8
Investments in mutual funds	10.4	5.2
Total securities designated as at fair value through profit or loss	**295.8**	**245.7**

The composition of derivative financial instruments as at 30 September 2016 and 31 December 2015 is presented below:

in billions of Russian Roubles	30 September 2016 (unaudited)	31 December 2015
Foreign currency interest rate derivatives	154.1	312.9
Interest rate derivatives	48.3	48.0
Foreign currency derivatives	37.3	121.3
Commodity including precious metals derivatives	15.2	43.0
Equity securities derivatives	6.3	1.6
Debt securities derivatives	2.9	1.7
Credit risk derivatives	1.7	6.3
Total derivative financial instruments	**265.8**	**534.8**

6 Due from Banks

in billions of Russian Roubles	30 September 2016 (unaudited)	31 December 2015
Term placements with banks	181.0	533.2
Reverse repo agreements with banks	285.2	217.4
Total due from banks	**466.2**	**750.6**

As at 30 September 2016 and 31 December 2015 term placements with banks and reverse repo agreements are represented by balances with original maturities over 1 business day mainly with the top and well-known foreign and Russian banks.

Refer to Note 30 for the information on amounts due from banks which are collateralized by securities received under reverse sale and repurchase agreements.

7 Loans and Advances to Customers

			30 September 2016
(unaudited) *in billions of Russian Roubles*	Not past due loans	Past due loans	Total
Commercial loans to legal entities	9,257.7	662.1	**9,919.8**
Specialized loans to legal entities	3,872.0	270.6	**4,142.6**
Mortgage loans to individuals	2,543.8	153.7	**2,697.5**
Consumer and other loans to individuals	1,422.6	186.5	**1,609.1**
Credit cards and overdrafts to individuals	503.8	99.4	**603.2**
Car loans to individuals	105.6	18.8	**124.4**
Total loans and advances to customers before provision for loan impairment	**17,705.5**	**1,391.1**	**19,096.6**
Less: Provision for loan impairment	(541.9)	(773.4)	**(1,315.3)**
Total loans and advances to customers net of provision for loan impairment	**17,163.6**	**617.7**	**17,781.3**

			31 December 2015
in billions of Russian Roubles	Not past due loans	Past due loans	Total
Commercial loans to legal entities	9,640.7	727.3	**10,368.0**
Specialized loans to legal entities	4,310.4	280.3	**4,590.7**
Mortgage loans to individuals	2,431.1	123.5	**2,554.6**
Consumer and other loans to individuals	1,489.2	192.6	**1,681.8**
Credit cards and overdrafts to individuals	491.1	96.1	**587.2**
Car loans to individuals	124.0	18.0	**142.0**
Total loans and advances to customers before provision for loan impairment	**18,486.5**	**1,437.8**	**19,924.3**
Less: Provision for loan impairment	(321.0)	(875.5)	**(1,196.5)**
Total loans and advances to customers net of provision for loan impairment	**18,165.5**	**562.3**	**18,727.8**

7 Loans and Advances to Customers (Continued)

For the purposes of these interim condensed consolidated financial statements a loan is considered past due when the borrower fails to make any payment due under the loan agreement at the reporting date. In this case the aggregate amount of all amounts due from borrower under the respective loan agreement including accrued interest and commissions is recognized as past due.

Commercial loans to legal entities comprise corporate loans, loans to individual entrepreneurs, federal bodies and municipal authorities. Loans are granted for current needs (working capital financing, acquisition of movable and immovable property), portfolio investments, expansion and consolidation of business, etc. Majority of commercial loans are provided for periods up to 5 years depending on the borrowers' risk assessment. Commercial lending also includes overdraft lending and lending for export-import transactions. The repayment source is cash flow from current production and financial activities of the borrower.

Specialized loans to legal entities include investment and construction project financing and also developers' financing. As a rule, loan terms are linked to payback periods of investment and construction projects, contract execution periods and exceed the terms of commercial loans to legal entities. The principal and interest may be repaid from cash flows generated by the investment project at the stage of its commercial operation.

Consumer and other individual loans comprise loans to individuals other than housing acquisition, construction and repair of real estate as well as car loans and credit cards and overdrafts. These loans include loans for current needs.

Mortgage loans to individuals include loans for acquisition, construction and reconstruction of real estate. These loans are mostly long-term and are collateralized by real estate.

Credit cards and overdrafts to individuals represent revolving credit lines. These loans are considered a comfortable instrument for customers as a reserve source of funds in case of need available everywhere and anytime. Interest rates for such loans are higher than for consumer loans as they carry higher risks for the Group.

Car loans to individuals include loans for purchasing a car or other vehicle. Car loans are provided for up to 5 years periods.

7 Loans and Advances to Customers (Continued)

The table below shows the analysis of loans and provisions for loan impairment as at 30 September 2016:

(unaudited) *in billions of Russian Roubles*	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
Commercial loans to legal entities				
Collectively assessed				
Not past due	8,654.7	(152.9)	8,501.8	1.8%
Loans up to 30 days overdue	70.9	(10.5)	60.4	14.8%
Loans 31 to 60 days overdue	20.2	(5.9)	14.3	29.2%
Loans 61 to 90 days overdue	17.4	(5.5)	11.9	31.6%
Loans 91 to 180 days overdue	29.3	(14.0)	15.3	47.8%
Loans over 180 days overdue	234.2	(182.8)	51.4	78.1%
Total collectively assessed loans	**9,026.7**	**(371.6)**	**8,655.1**	**4.1%**
Individually impaired				
Not past due	603.0	(162.0)	441.0	26.9%
Loans up to 30 days overdue	69.7	(22.4)	47.3	32.1%
Loans 31 to 60 days overdue	6.9	(4.3)	2.6	62.3%
Loans 61 to 90 days overdue	1.2	(0.3)	0.9	25.0%
Loans 91 to 180 days overdue	33.1	(21.9)	11.2	66.2%
Loans over 180 days overdue	179.2	(162.4)	16.8	90.6%
Total individually impaired loans	**893.1**	**(373.3)**	**519.8**	**41.8%**
Total commercial loans to legal entities	**9,919.8**	**(744.9)**	**9,174.9**	**7.5%**
Specialized loans to legal entities				
Collectively assessed				
Not past due	3,676.2	(136.2)	3,540.0	3.7%
Loans up to 30 days overdue	28.3	(5.8)	22.5	20.5%
Loans 31 to 60 days overdue	8.0	(3.0)	5.0	37.5%
Loans 61 to 90 days overdue	18.0	(1.7)	16.3	9.4%
Loans 91 to 180 days overdue	8.4	(4.3)	4.1	51.2%
Loans over 180 days overdue	92.4	(37.7)	54.7	40.8%
Total collectively assessed loans	**3,831.3**	**(188.7)**	**3,642.6**	**4.9%**
Individually impaired				
Not past due	195.8	(54.4)	141.4	27.8%
Loans up to 30 days overdue	17.0	(4.3)	12.7	25.3%
Loans 31 to 60 days overdue	3.1	(1.3)	1.8	41.9%
Loans 61 to 90 days overdue	0.1	(0.1)	—	100.0%
Loans 91 to 180 days overdue	11.1	(6.2)	4.9	55.9%
Loans over 180 days overdue	84.2	(53.4)	30.8	63.4%
Total individually impaired loans	**311.3**	**(119.7)**	**191.6**	**38.5%**
Total specialized loans to legal entities	**4,142.6**	**(308.4)**	**3,834.2**	**7.4%**
Total loans to legal entities	**14,062.4**	**(1,053.3)**	**13,009.1**	**7.5%**

7 Loans and Advances to Customers (Continued)

(unaudited) *in billions of Russian Roubles*	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
Mortgage loans to individuals				
Collectively assessed				
Not past due	2,543.8	(7.6)	2,536.2	0.3%
Loans up to 30 days overdue	68.2	(2.1)	66.1	3.1%
Loans 31 to 60 days overdue	14.0	(2.1)	11.9	15.0%
Loans 61 to 90 days overdue	6.6	(1.0)	5.6	15.2%
Loans 91 to 180 days overdue	9.2	(2.5)	6.7	27.2%
Loans over 180 days overdue	55.7	(34.8)	20.9	62.5%
Total mortgage loans to individuals	**2,697.5**	**(50.1)**	**2,647.4**	**1.9%**
Consumer and other loans to individuals				
Collectively assessed				
Not past due	1,422.6	(24.0)	1,398.6	1.7%
Loans up to 30 days overdue	49.0	(7.7)	41.3	15.7%
Loans 31 to 60 days overdue	11.6	(4.8)	6.8	41.4%
Loans 61 to 90 days overdue	8.4	(3.7)	4.7	44.0%
Loans 91 to 180 days overdue	15.7	(11.0)	4.7	70.1%
Loans over 180 days overdue	101.8	(90.4)	11.4	88.8%
Total consumer and other loans to individuals	**1,609.1**	**(141.6)**	**1,467.5**	**8.8%**
Credit cards and overdrafts to individuals				
Collectively assessed				
Not past due	503.8	(4.6)	499.2	0.9%
Loans up to 30 days overdue	30.7	(2.0)	28.7	6.5%
Loans 31 to 60 days overdue	5.8	(1.9)	3.9	32.8%
Loans 61 to 90 days overdue	3.4	(1.7)	1.7	50.0%
Loans 91 to 180 days overdue	7.6	(5.2)	2.4	68.4%
Loans over 180 days overdue	51.9	(43.3)	8.6	83.4%
Total credit cards and overdrafts to individuals	**603.2**	**(58.7)**	**544.5**	**9.7%**
Car loans to individuals				
Collectively assessed				
Not past due	105.6	(0.2)	105.4	0.2%
Loans up to 30 days overdue	3.3	(0.2)	3.1	6.1%
Loans 31 to 60 days overdue	1.2	(0.3)	0.9	25.0%
Loans 61 to 90 days overdue	0.8	(0.3)	0.5	37.5%
Loans 91 to 180 days overdue	1.4	(0.9)	0.5	64.3%
Loans over 180 days overdue	12.1	(9.7)	2.4	80.2%
Total car loans to individuals	**124.4**	**(11.6)**	**112.8**	**9.3%**
Total loans to individuals	**5,034.2**	**(262.0)**	**4,772.2**	**5.2%**
Total loans and advances to customers as at 30 September 2016	**19,096.6**	**(1,315.3)**	**17,781.3**	**6.9%**

7 Loans and Advances to Customers (Continued)

The table below shows the analysis of loans and provisions for loan impairment as at 31 December 2015:

in billions of Russian Roubles	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
Commercial loans to legal entities				
Collectively assessed				
Not past due	9,196.5	(103.0)	9,093.5	1.1%
Loans up to 30 days overdue	68.2	(8.2)	60.0	12.0%
Loans 31 to 60 days overdue	28.0	(6.2)	21.8	22.1%
Loans 61 to 90 days overdue	13.6	(5.2)	8.4	38.2%
Loans 91 to 180 days overdue	37.9	(20.7)	17.2	54.6%
Loans over 180 days overdue	202.2	(180.2)	22.0	89.1%
Total collectively assessed loans	**9,546.4**	**(323.5)**	**9,222.9**	**3.4%**
Individually impaired				
Not past due	444.2	(100.6)	343.6	22.6%
Loans up to 30 days overdue	16.4	(7.1)	9.3	43.3%
Loans 31 to 60 days overdue	16.4	(8.3)	8.1	50.6%
Loans 61 to 90 days overdue	11.8	(4.1)	7.7	34.7%
Loans 91 to 180 days overdue	53.9	(41.1)	12.8	76.3%
Loans over 180 days overdue	278.9	(211.5)	67.4	75.8%
Total individually impaired loans	**821.6**	**(372.7)**	**448.9**	**45.4%**
Total commercial loans to legal entities	**10,368.0**	**(696.2)**	**9,671.8**	**6.7%**
Specialized loans to legal entities				
Collectively assessed				
Not past due	4,094.0	(70.5)	4,023.5	1.7%
Loans up to 30 days overdue	58.5	(3.4)	55.1	5.8%
Loans 31 to 60 days overdue	19.9	(3.5)	16.4	17.6%
Loans 61 to 90 days overdue	21.7	(5.9)	15.8	27.2%
Loans 91 to 180 days overdue	3.1	(0.9)	2.2	29.0%
Loans over 180 days overdue	64.4	(38.6)	25.8	59.9%
Total collectively assessed loans	**4,261.6**	**(122.8)**	**4,138.8**	**2.9%**
Individually impaired				
Not past due	216.4	(34.4)	182.0	15.9%
Loans up to 30 days overdue	9.1	(4.8)	4.3	52.7%
Loans 31 to 60 days overdue	14.6	(10.1)	4.5	69.2%
Loans 61 to 90 days overdue	3.2	(1.1)	2.1	34.4%
Loans 91 to 180 days overdue	13.1	(7.5)	5.6	57.3%
Loans over 180 days overdue	72.7	(56.2)	16.5	77.3%
Total individually impaired loans	**329.1**	**(114.1)**	**215.0**	**34.7%**
Total specialized loans to legal entities	**4,590.7**	**(236.9)**	**4,353.8**	**5.2%**
Total loans to legal entities	**14,958.7**	**(933.1)**	**14,025.6**	**6.2%**

7 Loans and Advances to Customers (Continued)

in billions of Russian Roubles	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
Mortgage loans to individuals				
Collectively assessed				
Not past due	2,431.1	(1.5)	2,429.6	0.1%
Loans up to 30 days overdue	42.4	(1.4)	41.0	3.3%
Loans 31 to 60 days overdue	12.0	(1.6)	10.4	13.3%
Loans 61 to 90 days overdue	5.0	(1.1)	3.9	22.0%
Loans 91 to 180 days overdue	9.4	(4.2)	5.2	44.7%
Loans over 180 days overdue	54.7	(47.5)	7.2	86.8%
Total mortgage loans to individuals	**2,554.6**	**(57.3)**	**2,497.3**	**2.2%**
Consumer and other loans to individuals				
Collectively assessed				
Not past due	1,489.2	(7.9)	1,481.3	0.5%
Loans up to 30 days overdue	38.7	(4.0)	34.7	10.3%
Loans 31 to 60 days overdue	13.1	(4.4)	8.7	33.6%
Loans 61 to 90 days overdue	8.1	(3.8)	4.3	46.9%
Loans 91 to 180 days overdue	19.6	(13.1)	6.5	66.8%
Loans over 180 days overdue	113.1	(102.1)	11.0	90.3%
Total consumer and other loans to individuals	**1,681.8**	**(135.3)**	**1,546.5**	**8.0%**
Credit cards and overdrafts to individuals				
Collectively assessed				
Not past due	491.1	(2.9)	488.2	0.6%
Loans up to 30 days overdue	27.9	(1.8)	26.1	6.5%
Loans 31 to 60 days overdue	6.5	(1.9)	4.6	29.2%
Loans 61 to 90 days overdue	4.0	(2.2)	1.8	55.0%
Loans 91 to 180 days overdue	9.8	(6.7)	3.1	68.4%
Loans over 180 days overdue	47.9	(43.1)	4.8	90.0%
Total credit cards and overdrafts to individuals	**587.2**	**(58.6)**	**528.6**	**10.0%**
Car loans to individuals				
Collectively assessed				
Not past due	124.0	(0.2)	123.8	0.2%
Loans up to 30 days overdue	3.3	(0.3)	3.0	9.1%
Loans 31 to 60 days overdue	1.4	(0.4)	1.0	28.6%
Loans 61 to 90 days overdue	0.9	(0.4)	0.5	44.4%
Loans 91 to 180 days overdue	2.0	(1.3)	0.7	65.0%
Loans over 180 days overdue	10.4	(9.6)	0.8	92.3%
Total car loans to individuals	**142.0**	**(12.2)**	**129.8**	**8.6%**
Total loans to individuals	**4,965.6**	**(263.4)**	**4,702.2**	**5.3%**
Total loans and advances to customers as at 31 December 2015	**19,924.3**	**(1,196.5)**	**18,727.8**	**6.0%**

7 Loans and Advances to Customers (Continued)

As defined by the Group for the purposes of internal credit risk assessment, loans fall into the "non-performing" category when a principal and/or interest payment becomes more than 90 days overdue.

As at 30 September 2016 the outstanding non-performing loans were as follows:

(unaudited) *in billions of Russian Roubles*	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
Commercial loans to legal entities	475.8	(381.1)	94.7	80.1%
Specialized loans to legal entities	196.1	(101.6)	94.5	51.8%
Mortgage loans to individuals	64.9	(37.3)	27.6	57.5%
Consumer and other loans to individuals	117.5	(101.4)	16.1	86.3%
Credit cards and overdrafts to individuals	59.5	(48.5)	11.0	81.5%
Car loans to individuals	13.5	(10.6)	2.9	78.5%
Total non-performing loans and advances to customers as at 30 September 2016	**927.3**	**(680.5)**	**246.8**	**73.4%**

As at 31 December 2015 the outstanding non-performing loans were as follows:

in billions of Russian Roubles	Gross loans	Provision for impairment	Net loans	Provision for impairment to gross loans
Commercial loans to legal entities	572.9	(453.5)	119.4	79.2%
Specialized loans to legal entities	153.3	(103.2)	50.1	67.3%
Mortgage loans to individuals	64.1	(51.7)	12.4	80.7%
Consumer and other loans to individuals	132.7	(115.2)	17.5	86.8%
Credit cards and overdrafts to individuals	57.7	(49.8)	7.9	86.3%
Car loans to individuals	12.4	(10.9)	1.5	87.9%
Total non-performing loans and advances to customers as at 31 December 2015	**993.1**	**(784.3)**	**208.8**	**79.0%**

7 Loans and Advances to Customers (Continued)

Provisions for Loan Impairment. The analysis of changes in provision for loan impairment for the nine months ended 30 September 2016 is presented in the table below:

(unaudited) in billions of Russian Roubles	Commercial loans to legal entities	Specialized loans to legal entities	Mortgage loans to individuals	Consumer and other loans to individuals	Credit cards and overdrafts to individuals	Car loans to individuals	Total
Provision for loan impairment as at 31 December 2015 (audited)	**696.2**	**236.9**	**57.3**	**135.3**	**58.6**	**12.2**	**1,196.5**
Net provision charge / (recovery of provision) for loan impairment during the period	151.1	75.7	(6.0)	53.0	12.0	(1.1)	**284.7**
Recovery of loans previously written off	1.3	0.8	0.3	1.4	—	0.7	**4.5**
Loans and advances to customers written off during the period	(74.3)	(0.7)	(0.8)	(42.6)	(10.0)	(0.1)	**(128.5)**
Disposal of subsidiaries and transfers to assets held for sale	(0.3)	(0.3)	(0.1)	(0.2)	—	—	**(0.9)**
Exchange differences on translating foreign operations	(29.1)	(4.0)	(0.6)	(5.3)	(1.9)	(0.1)	**(41.0)**
Provision for loan impairment as at 30 September 2016	**744.9**	**308.4**	**50.1**	**141.6**	**58.7**	**11.6**	**1,315.3**

The analysis of changes in provisions for loan impairment for the three months ended 30 September 2016 is presented in the table below:

(unaudited) in billions of Russian Roubles	Commercial loans to legal entities	Specialized loans to legal entities	Mortgage loans to individuals	Consumer and other loans to individuals	Credit cards and overdrafts to individuals	Car loans to individuals	Total
Provision for loan impairment as at 30 June 2016	**717.6**	**284.2**	**48.7**	**151.3**	**59.8**	**12.0**	**1,273.6**
Net provision charge / (recovery of provision) for loan impairment during the period	64.2	23.9	0.6	10.1	3.9	(0.6)	**102.1**
Recovery of loans previously written off	0.3	0.6	—	0.4	—	0.2	**1.5**
Loans and advances written off during the reporting period	(29.8)	(0.2)	(0.4)	(17.9)	(4.5)	—	**(52.8)**
Disposal of subsidiaries and transfers to assets held for sale	(0.1)	(0.3)	(0.1)	—	—	—	**(0.5)**
Exchange differences on translating foreign operations	(7.3)	0.2	1.3	(2.3)	(0.5)	—	**(8.6)**
Provision for loan impairment as at 30 September 2016	**744.9**	**308.4**	**50.1**	**141.6**	**58.7**	**11.6**	**1,315.3**

7 Loans and Advances to Customers (Continued)

The analysis of changes in provision for loan impairment for the nine months ended 30 September 2015 is presented in the table below:

(unaudited) in billions of Russian Roubles	Commercial loans to legal entities	Specialized loans to legal entities	Mortgage loans to individuals	Consumer and other loans to individuals	Credit cards and overdrafts to individuals	Car loans to individuals	Total
Provision for loan impairment as at 31 December 2014 (audited)	**456.4**	**221.4**	**39.6**	**105.6**	**38.2**	**8.3**	**869.5**
Net provision charge for loan impairment during the period	231.1	32.2	17.7	54.6	21.3	3.9	**360.8**
Recovery of loans previously written off	0.8	0.2	3.5	1.2	—	0.5	**6.2**
Loans and advances to customers written off during the period	(29.9)	(22.5)	(4.7)	(20.3)	(3.5)	(0.1)	**(81.0)**
Exchange differences on translating foreign operations	(7.0)	(0.7)	(0.5)	(1.8)	(0.9)	(0.4)	**(11.3)**
Provision for loan impairment as at 30 September 2015	**651.4**	**230.6**	**55.6**	**139.3**	**55.1**	**12.2**	**1,144.2**

The analysis of changes in provisions for loan impairment for the three months ended 30 September 2015 is presented in the table below:

(unaudited) in billions of Russian Roubles	Commercial loans to legal entities	Specialized loans to legal entities	Mortgage loans to individuals	Consumer and other loans to individuals	Credit cards and overdrafts to individuals	Car loans to individuals	Total
Provision for loan impairment as at 30 June 2015	**569.7**	**213.3**	**49.4**	**132.4**	**49.2**	**11.1**	**1,025.1**
Net provision charge for loan impairment during the reporting period	78.1	24.9	3.6	14.4	6.5	0.9	**128.4**
Recovery of loans previously written off	0.4	—	0.2	0.4	—	0.2	**1.2**
Loans and advances written off during the reporting period	(3.1)	(10.2)	—	(9.1)	(1.1)	—	**(23.5)**
Exchange differences on translating foreign operations	6.3	2.6	2.4	1.2	0.5	—	**13.0**
Provision for loan impairment as at 30 September 2015	**651.4**	**230.6**	**55.6**	**139.3**	**55.1**	**12.2**	**1,144.2**

7 Loans and Advances to Customers (Continued)

Renegotiated loans. Information on loans whose terms have been renegotiated, as at 30 September 2016 and 31 December 2015 is presented in the table below.

(unaudited) *in billions of Russian Roubles*	Commercial loans to legal entities	Specialized loans to legal entities	Mortgage loans to individuals	Consumer and other loans to individuals	Credit cards and overdrafts to individuals	Car loans to individuals	Total
Total renegotiated loans as at 30 September 2016,	**2,285.7**	**1,607.2**	**142.4**	**72.5**	**0.8**	**11.9**	**4,120.5**
including Restructured loans	689.6	286.8	136.3	67.0	0.3	11.9	**1,191.9**
Total renegotiated loans as at 31 December 2015,	**1,711.0**	**1,529.7**	**111.9**	**58.1**	**1.0**	**12.1**	**3,423.8**
including Restructured loans	602.1	462.0	107.2	47.6	0.3	12.0	**1,231.2**

The Group has refined the presentation of renegotiated loans disclosure. For the purpose of these financial statements a loan is considered renegotiated if terms of the original loan contract have been changed. Renegotiated loan portfolio consists of “modified” and “restructured” loans.

Modified loans represent loans with changes to the initial loan terms caused by changes in market conditions, changes in a product, client requests or reclassified out of the restructured loan portfolio provided reclassifications terms are met, i.e. where loan renegotiation is not considered as distressed.

Restructured loans represent loans which were distressed at the moment of the renegotiation. A loan is initially classified as a restructured loan if:

- The renegotiation is in favor of a borrower due to its inability to fulfill obligations and the borrower is assigned high / medium credit risk. Renegotiation is considered to be in favor of the borrower if, for example, frequency of loan repayments is reduced, interest rate is reduced, loan tenor or limit are extended, amount of total loan payments is reduced, loan payments are rescheduled for later dates, etc., or
- Refinancing of a loan is due to inability of the borrower to fulfill its obligations and the borrower is assigned high / medium credit risk.

Features of a high / medium credit risk borrower which are examined by the Group may include but are not limited to the following: the borrower’s obligations are overdue for a period of more than 30 calendar days, non-compliance with a loan collateralization requirements by 30%, initiation of bankruptcy proceeding in respect of the borrower, change / replacement of the key management and/or owners, etc.

A loan may be reclassified out of the restructured loans category (and classified as modified) when all of the following criteria are met:

- the borrower has repaid not less than 5% of the loan principle balance (except for the borrowers in the investment stage of construction projects where execution of any six contractual payments is monitored);
- the borrower performed all of its contractual obligations for at least six months after the renegotiation; and
- no other signs of impairment are identified during the period of at least six months after the renegotiation.

7 Loans and Advances to Customers (Continued)

Investments in finance lease. Included in specialized loans to legal entities are net investments in finance leases. The analysis of net investments in finance leases is as follows:

in billions of Russian Roubles	**30 September 2016 (unaudited)**	**31 December 2015**
Gross investment in finance leases	305.7	328.0
Less unearned future finance income on finance leases	(84.7)	(94.8)
Net investment in finance leases before provision for impairment	**221.0**	**233.2**
Less provision for impairment	(11.8)	(11.4)
Net investment in finance leases after provision for impairment	**209.2**	**221.8**

The contractual maturity analysis of net investments in finance leases as at 30 September 2016 is as follows:

(unaudited) *in billions of Russian Roubles*	**Net investment in finance leases before provision for impairment**	**Provision for impairment**	**Net investment in finance leases after provision for impairment**
Within 1 year	48.0	(1.6)	46.4
From 1 to 5 years	102.4	(3.0)	99.4
More than 5 years	53.4	(1.4)	52.0
Overdue	17.2	(5.8)	11.4
Total net investments in finance leases as at 30 September 2016	**221.0**	**(11.8)**	**209.2**

7 Loans and Advances to Customers (Continued)

The contractual maturity analysis of net investments in finance leases as at 31 December 2015 is as follows:

in billions of Russian Roubles	Net investment in finance leases before provision for impairment	Provision for impairment	Net investment in finance leases after provision for impairment
Within 1 year	50.0	(1.9)	48.1
From 1 to 5 years	115.7	(3.2)	112.5
More than 5 years	53.5	(1.1)	52.4
Overdue	14.0	(5.2)	8.8
Total net investments in finance leases as at 31 December 2015	**233.2**	**(11.4)**	**221.8**

The analysis of minimum finance lease payments receivables per contractual maturity is as follows:

in billions of Russian Roubles	30 September 2016 (unaudited)	31 December 2015
Within 1 year	53.4	55.7
From 1 to 5 years	142.8	162.0
More than 5 years	92.3	96.3
Overdue	17.2	14.0
Total minimum lease payments receivables	**305.7**	**328.0**

Economic sector risk concentration. Economic sector risk concentrations based on Russian classifier of economic activities within the customer loan portfolio are as follows:

	30 September 2016 (unaudited)		31 December 2015	
in billions of Russian Roubles	Amount	%	Amount	%
Individuals	5,034.2	26.4	4,965.6	24.9
Services	3,752.3	19.6	3,843.1	19.3
Trade	1,996.3	10.5	2,134.6	10.7
Energy	1,056.1	5.5	1,180.4	5.9
Food and agriculture	1,057.4	5.5	1,062.8	5.3
Metallurgy	979.7	5.1	883.1	4.4
Machinery	925.9	4.8	976.2	4.9
Government and municipal bodies	681.8	3.6	899.5	4.5
Construction	615.3	3.2	715.1	3.6
Oil and gas	581.6	3.0	616.5	3.1
Transport, aviation, space industry	529.9	2.8	702.4	3.5
Chemical industry	489.9	2.6	575.1	2.9
Telecommunications	428.1	2.2	447.1	2.2
Timber industry	68.1	0.4	78.0	0.4
Other	900.0	4.8	844.8	4.4
Total loans and advances to customers before provision for loan impairment	**19,096.6**	**100.0**	**19,924.3**	**100.0**

7 Loans and Advances to Customers (Continued)

"Services" category includes loans granted to financial, insurance and other service companies, as well as loans granted to holding and multi-industry companies.

Refer to Note 30 for the information on amounts in loans and advances to customers which are collateralized by securities received under reverse sale and repurchase agreements and loans transferred without derecognition.

As at 30 September 2016 the Group had 20 largest groups of related corporate borrowers with aggregated loan amounts due from each of these groups exceeding RR 118.6 billion (31 December 2015: 20 largest groups of related corporate borrowers with loan amounts due from each of these groups exceeding RR 120.8 billion). The total aggregate amount of these loans was RR 4,386.8 billion or 23.0% of the total gross loan portfolio of the Group (31 December 2015: RR 4,557.5 billion or 22.9%).

8 Securities Pledged under Repurchase Agreements

in billions of Russian Roubles	**30 September 2016 (unaudited)**	**31 December 2015**
Trading securities pledged under repurchase agreements		
Corporate shares	0.4	0.3
Total trading securities pledged under repurchase agreements	**0.4**	**0.3**
Investment securities available-for-sale pledged under repurchase agreements		
Russian federal loan bonds (OFZ bonds)	105.0	24.4
Foreign government and municipal bonds	95.4	124.9
Corporate bonds	0.1	—
Total investment securities available-for-sale pledged under repurchase agreements	**200.5**	**149.3**
Investment securities held-to-maturity pledged under repurchase agreements		
Foreign government and municipal bonds	35.6	40.0
Russian federal loan bonds (OFZ bonds)	24.3	32.4
Total investment securities held-to-maturity pledged under repurchase agreements	**59.9**	**72.4**
Total securities pledged under repurchase agreements	**260.8**	**222.0**

Refer to Note 30 for more information on securities pledged under sale and repurchase agreements with banks and corporate customers.

9 Investment Securities Available-for-Sale

in billions of Russian Roubles	30 September 2016 (unaudited)	31 December 2015
Corporate bonds	702.9	682.5
Russian federal loan bonds (OFZ bonds)	680.3	639.6
Russian Federation Eurobonds	238.8	281.2
Foreign government and municipal bonds	212.4	200.2
Russian municipal and subfederal bonds	28.9	45.1
Promissory notes	0.4	0.4
Total debt investment securities available-for-sale	**1,863.7**	**1,849.0**
Corporate shares	31.0	25.3
Total investment securities available-for-sale	**1,894.7**	**1,874.3**

10 Investment Securities Held-to-Maturity

in billions of Russian Roubles	30 September 2016 (unaudited)	31 December 2015
Corporate bonds	221.6	247.6
Russian federal loan bonds (OFZ bonds)	142.2	135.5
Foreign government and municipal bonds	38.0	44.6
Russian Federation Eurobonds	30.2	33.2
Russian municipal and subfederal bonds	17.0	23.3
Total investment securities held-to-maturity before provision for impairment	**449.0**	**484.2**
Less provision for impairment	(0.9)	(6.5)
Total investment securities held-to-maturity after provision for impairment	**448.1**	**477.7**

The changes in provision for impairment of investment securities held-to-maturity for the nine months ended 30 September 2016 and 30 September 2015 are presented below:

(unaudited) *in billions of Russian Roubles*	2016	2015
Provision for impairment of investment securities held-to-maturity as at 1 January (audited)	**6.5**	**4.4**
Net (recovery of provision) / provision charge for impairment during the period	(2.6)	1.7
Investment securities held-to-maturity written off during the period	(3.0)	—
Provision for impairment of investment securities held-to-maturity as at 30 September	**0.9**	**6.1**

The changes in provision for impairment of investment securities held-to-maturity for the three months ended 30 September 2016 and 30 September 2015 are presented below:

(unaudited) *in billions of Russian Roubles*	2016	2015
Provision for impairment of investment securities held-to-maturity as at 30 June	**1.3**	**4.4**
Net (recovery of provision) / provision charge for impairment during the period	(0.4)	1.7
Provision for impairment of investment securities held-to-maturity as at 30 September	**0.9**	**6.1**

11 Assets and Liabilities of the Disposal Groups and Non-current Assets Held for Sale

in billions of Russian Roubles	30 September 2016 (unaudited)	31 December 2015
Assets of the disposal groups and non-current assets held for sale		
- assets of the disposal groups	3.1	207.4
- non-current assets held for sale	4.9	5.3
Total assets of the disposal groups and non-current assets held for sale	**8.0**	**212.7**
Liabilities of the disposal groups	2.0	185.9
Total liabilities of the disposal groups	**2.0**	**185.9**

Non-current assets held for sale represent non-current assets held for sale by the subsidiaries of the Group.

In May 2016 transfer of ownership of the shares of NP JSC Krasnaya Polyana representing 96.914% of the company share capital was completed following the fulfilment of conditions agreed by the parties to the contract. Thus the Group transferred control over NP JSC Krasnaya Polyana to the buyer. Upon the sale of NP JSC Krasnaya Polyana the Group has recognized a gain of RR 12.2 billion which was included in other net operating income in the interim consolidated statement of profit or loss.

In July 2016 transfer of ownership of the shares of Sberbank Slovensko a.s. representing 99.5% of the company share capital was completed. Thus the Group transferred control over Sberbank Slovensko a.s. to the buyer. Upon the transfer of control over Sberbank Slovensko a.s. the Group has recognized a gain of RR 3.0 billion which was included in other net operating income in the interim consolidated statement of profit or loss.

12 Other Assets

in billions of Russian Roubles	30 September 2016 (unaudited)	31 December 2015
Other financial assets		
Receivables on bank cards settlements	123.7	299.7
Margin calls transferred	87.1	148.6
Settlements on currency conversion operations	68.9	79.9
Receivables from Deposit Insurance Agency	22.5	73.2
Settlements on operations with securities	21.2	7.2
Trade receivables	20.6	20.4
Funds in settlement	16.7	8.8
Accrued fees and commissions	10.3	11.8
Investments in associates	7.3	6.5
Restricted cash balances	2.1	2.5
Other	15.3	15.7
Total other financial assets before provision for impairment	**395.7**	**674.3**
Less provision for impairment of other financial assets	(3.3)	(3.3)
Total other financial assets	**392.4**	**671.0**
Other non-financial assets		
Precious metals	99.5	25.8
Inventory	81.3	65.4
Intangible assets	65.8	83.3
Prepayments for premises and other assets	56.0	37.7
Goodwill	20.3	22.1
Investment property	12.6	11.1
Tax settlements (other than on income)	12.2	5.8
Prepaid expenses	7.1	8.2
Prepayment on income tax	3.6	19.6
Other	28.4	27.0
Total other non-financial assets before provision for impairment	**386.8**	**306.0**
Less provision for impairment of other non-financial assets	(11.7)	(12.2)
Total other non-financial assets	**375.1**	**293.8**
Total other assets	**767.5**	**964.8**

Movement in the provision for impairment of other assets during the nine months ended 30 September 2016 is as follows:

(unaudited) *in billions of Russian Roubles*	Funds in settlement	Other financial assets	Prepayments for premises and other assets	Other non-financial assets	Total
Provision for impairment of other assets as at 31 December 2015 (audited)	**1.4**	**1.9**	**2.7**	**9.5**	**15.5**
Net provision charge for impairment of other assets during the period	—	0.7	0.2	1.2	**2.1**
Other assets written off during the period	—	(0.5)	(0.1)	(1.7)	**(2.3)**
Exchange differences on translating foreign operations	—	(0.2)	(0.1)	—	**(0.3)**
Provision for impairment of other assets as at 30 September 2016	**1.4**	**1.9**	**2.7**	**9.0**	**15.0**

12 Other Assets (Continued)

Movement in the provision for impairment of other assets during the three months ended 30 September 2016 is as follows:

(unaudited) *in billions of Russian Roubles*	**Funds in settlement**	**Other financial assets**	**Prepayments for premises and other assets**	**Other non-financial assets**	**Total**
Provision for impairment of other assets as at 30 June 2016	**1.3**	**1.3**	**2.6**	**9.1**	**14.3**
Net provision charge for impairment of other assets during the period	0.1	0.8	0.2	0.1	**1.2**
Other assets written off during the period	—	(0.1)	—	(0.2)	**(0.3)**
Exchange differences on translating foreign operations	—	(0.1)	(0.1)	—	**(0.2)**
Provision for impairment of other assets as at 30 September 2016	**1.4**	**1.9**	**2.7**	**9.0**	**15.0**

Movement in the provision for impairment of other assets during the nine months ended 30 September 2015 is as follows:

(unaudited) *in billions of Russian Roubles*	**Funds in settlement**	**Other financial assets**	**Prepayments for premises and other assets**	**Other non-financial assets**	**Total**
Provision for impairment of other assets as at 31 December 2014 (audited)	**0.3**	**2.8**	**1.1**	**9.0**	**13.2**
Net provision charge / (net recovery of provision) for impairment of other assets during the period	0.6	(0.8)	2.4	2.6	**4.8**
Other assets written off during the period	(0.1)	(0.4)	(0.9)	(1.9)	**(3.3)**
Exchange differences on translating foreign operations	—	0.4	—	—	**0.4**
Provision for impairment of other assets as at 30 September 2015	**0.8**	**2.0**	**2.6**	**9.7**	**15.1**

12 Other Assets (Continued)

Movement in the provision for impairment of other assets during the three months ended 30 September 2015 is as follows:

(unaudited) *in billions of Russian Roubles*	Funds in settlement	Other financial assets	Prepayments for premises and other assets	Other non-financial assets	Total
Provision for impairment of other assets as at 30 June 2015	**0.5**	**1.1**	**1.2**	**8.9**	**11.7**
Net provision charge for impairment of other assets during the period	0.4	1.0	2.2	1.2	**4.8**
Other assets written off during the period	(0.1)	(0.4)	(0.8)	(0.4)	**(1.7)**
Exchange differences on translating foreign operations	—	0.3	—	—	**0.3**
Provision for impairment of other assets as at 30 September 2015	**0.8**	**2.0**	**2.6**	**9.7**	**15.1**

Provision for impairment of other assets is recognized by the Group on operations conducted in the normal course of the Group's business. Provision is assessed on the basis of the Group's best estimates of recoverability of other assets.

13 Due to Banks

in billions of Russian Roubles	30 September 2016 (unaudited)	31 December 2015
Term placements of banks	429.3	773.8
Correspondent accounts and overnight placements of banks	173.6	153.7
Direct repo agreements with banks	108.7	118.4
Total due to banks	**711.6**	**1,045.9**

Term placements of banks represent funds received on interbank market.

Refer to Note 30 for information on the amounts included in due to banks received under sale and repurchase agreements and fair value of securities pledged.

14 Due to Individuals and Corporate Customers

in billions of Russian Roubles	30 September 2016 (unaudited)	31 December 2015
Individuals:		
- Current/demand accounts	2,341.4	2,415.4
- Term deposits	9,745.6	9,627.9
- Direct repo agreements	1.1	0.4
Total due to individuals	**12,088.1**	**12,043.7**
State and public organizations:		
- Current/settlement accounts	170.5	134.3
- Term deposits	214.6	325.3
- Direct repo agreements	90.0	—
Total due to state and public organizations	**475.1**	**459.6**
Other corporate customers:		
- Current/settlement accounts	2,197.2	2,226.9
- Term deposits	3,779.3	4,957.4
- Direct repo agreements	70.2	110.7
Total due to other corporate customers	**6,046.7**	**7,295.0**
Total due to corporate customers	**6,521.8**	**7,754.6**
Total due to individuals and corporate customers	**18,609.9**	**19,798.3**

Economic sector concentrations based on Russian classifier of economic activities within customer accounts are as follows:

	30 September 2016 (unaudited)		31 December 2015	
in billions of Russian Roubles	**Amount**	**%**	**Amount**	**%**
Individuals	12,088.1	65.0	12,043.7	60.8
Services	1,689.8	9.1	1,914.4	9.7
Oil and gas	1,155.2	6.2	1,393.9	7.0
Trade	775.8	4.2	1,086.0	5.5
Machinery	407.3	2.2	488.3	2.5
Transport, aviation, space industry	357.3	1.9	368.0	1.9
Municipal bodies and state organizations	332.3	1.8	223.8	1.1
Metallurgy	315.2	1.7	432.1	2.2
Energy	295.2	1.6	377.7	1.9
Construction	277.7	1.5	395.0	2.0
Chemical	183.8	1.0	242.1	1.2
Food and agriculture	170.3	0.9	188.0	0.9
Telecommunications	110.9	0.6	142.6	0.7
Timber industry	27.5	0.1	28.4	0.1
Other	423.5	2.2	474.3	2.5
Total due to individuals and corporate customers	**18,609.9**	**100.0**	**19,798.3**	**100.0**

14 Due to Individuals and Corporate Customers (Continued)

As at 30 September 2016 included in due to corporate customers are deposits of RR 90.3 billion (31 December 2015: RR 116.2 billion) held as collateral for irrevocable commitments under import letters of credit. Refer to Note 28.

As at 30 September 2016 the Group had 20 largest groups of related customers with balances above RR 37.6 billion each (31 December 2015: 20 largest groups of related customers with balances above RR 38.8 billion each). The aggregate balance of these customers was RR 2,728.7 billion (31 December 2015: RR 3,143.3 billion) or 14.7% (31 December 2015: 15.9%) of total due to individuals and corporate customers.

Refer to Note 30 for information on the amounts due to corporate customers received under sale and repurchase agreements and carrying value of assets pledged.

15 Debt Securities in Issue

in billions of Russian Roubles	30 September 2016 (unaudited)	31 December 2015
Savings certificates	571.9	577.7
Loan participation notes issued under the MTN programme of Sberbank	498.9	607.0
Bonds issued:		
- on the local market	88.9	70.1
- on international capital markets	24.8	34.5
Promissory notes	80.9	80.7
Bonds issued under mortgage securitization programme of Sberbank	5.9	7.2
Other debt securities issued	1.1	1.3
Total debt securities in issue	**1,272.4**	**1,378.5**

Description of the debt securities issued under MTN programme of Sberbank is presented in the table below:

						30 September 2016 (unaudited)		31 December 2015	
Issue	Drawdown date	Maturity date	Currency	Nominal value in currency of issue, in millions of currency	Contractual interest rate, % p.a.	Carrying value, in billions of RR	Effective interest rate, % p.a.	Carrying value, in billions of RR	Effective interest rate, % p.a.
Series 5	24 September 2010	24 March 2017	USD	1,250	5.4	**76.7**	5.4	**89.8**	5.4
Series 7	16 June 2011	16 June 2021	USD	1,000	5.7	**53.4**	5.8	**60.8**	5.8
Series 8	07 February 2012	07 February 2017	USD	1,300	5.0	**76.1**	4.8	**89.6**	4.8
Series 9	07 February 2012	07 February 2022	USD	1,500	6.1	**93.9**	5.6	**108.8**	5.6
Series 11	28 June 2012	28 June 2019	USD	1,000	5.2	**58.6**	5.3	**66.9**	5.3
Series 13	31 January 2013	31 January 2016	RUB	25,000	7.0	—	—	**22.2**	7.2
Series 14	28 February 2013	28 February 2017	CHF	250	2.1	**16.5**	2.1	**18.7**	2.1
Series 15	04 March 2013	04 March 2018	TRY	550	7.4	**10.2**	7.6	**12.6**	7.6
Series 18	06 March 2014	06 March 2019	USD	500	4.2	**31.7**	4.2	**36.9**	4.2
Series 19	07 March 2014	07 March 2019	EUR	500	3.1	**35.5**	3.1	**40.2**	3.1
Series 20	26 June 2014	15 November 2019	EUR	1,000	3.4	**46.3**	3.4	**60.5**	3.4
Total loan participation notes issued under the MTN programme of Sberbank						**498.9**		**607.0**	

15 Debt Securities in Issue (Continued)

During the nine months ended 30 September 2016 the Group repurchased a portion of the loan participation notes issued under the MTN programme of Sberbank from the market. The gain from early redemption of these notes amounted to RR 0.1 billion and is presented within other net operating income in the interim consolidated statement of profit or loss (during the nine months ended 30 September 2015: RR 4.0 billion).

In December 2014 the Group arranged a securitization transaction through a special purpose entity under which three tranches of mortgage-backed amortizing notes with nominal value of RR 11.1 billion were issued. The amortized cost of these securities as at 30 September 2016 amounted to RR 5.9 billion (31 December 2015: RR 7.2 billion). These securities were collateralized with portfolio of mortgage loans to individuals secured by residential properties (loans were not derecognized by the Group) with amortized cost of RR 7.1 billion as at 30 September 2016 (31 December 2015: RR 8.5 billion). The first tranche with the nominal value of RR 6.7 billion has the coupon rate of 9.0% p.a.; the second tranche with the nominal value of RR 3.3 billion has the coupon rate of 3.0% p.a.; and the third junior tranche with the nominal value of RR 1.1 billion has a floating coupon rate. The first and the second tranches have equal seniority. The bonds final original maturity is December 2046, however, the early redemption option is available to the Group based on terms and volumes of repayment of securitized mortgage loans by individuals. As the third tranche was purchased by the Group, thus, it is eliminated in these interim condensed consolidated financial statements.

16 Financial Liabilities at Fair Value through Profit or Loss other than Debt Securities in Issue

in billions of Russian Roubles	**30 September 2016 (unaudited)**	**31 December 2015**
Derivative financial instruments	199.4	397.2
Obligation to deliver securities	31.2	29.4
Total financial liabilities at fair value through profit or loss other than debt securities in issue	**230.6**	**426.6**

The composition of derivative financial instruments as at 30 September 2016 and 31 December 2015 is presented below:

in billions of Russian Roubles	**30 September 2016 (unaudited)**	**31 December 2015**
Foreign currency interest rate derivatives	100.6	210.4
Foreign currency derivatives	47.0	121.6
Interest rate derivatives	36.1	23.5
Commodity including precious metals derivatives	14.0	40.4
Equity securities derivatives	1.6	1.0
Credit risk derivatives	0.1	0.1
Debt securities derivatives	—	0.2
Total derivative financial instruments	**199.4**	**397.2**

17 Other Liabilities

in billions of Russian Roubles	30 September 2016 (unaudited)	31 December 2015
Other financial liabilities		
Accrued employee benefit costs	75.4	34.9
Payables on bank card settlements	52.7	158.2
Funds in settlement	48.1	43.0
Payables	32.0	44.9
Margin calls received	27.6	79.0
Settlements on operations with securities	13.9	5.3
Deposit insurance system fees payable	13.2	10.2
Settlements on currency conversion operations	0.8	0.1
Other	23.7	22.0
Total other financial liabilities	**287.4**	**397.6**
Other non-financial liabilities		
Taxes payable other than on income	37.5	28.6
Provisions for credit related commitments and other commitments	20.9	13.4
Advances received	12.3	11.5
Income tax payable	12.3	2.8
Deferred commissions received on guarantees issued	2.9	2.4
Other	8.7	8.1
Total other non-financial liabilities	**94.6**	**66.8**
Provisions on insurance and pension operations		
Provisions on pension operations	361.6	256.6
Provisions on insurance operations	97.2	64.2
Provision on unearned premium	4.6	2.8
Total provisions on insurance and pension operations	**463.4**	**323.6**
Total other liabilities	**845.4**	**788.0**

Movement in the provision for impairment of credit related commitments and other commitments during the nine months ended 30 September 2016 is as follows:

(unaudited) *in billions of Russian Roubles*	Guarantees issued	Commitments to extend credit and undrawn credit lines	Letters of credit	Other commitments	Total
Provision for impairment as at 31 December 2015 (audited)	**4.5**	**0.2**	**0.3**	**8.4**	**13.4**
Net provision charge / (net recovery of provision) for impairment during the period	7.8	4.1	(0.1)	(0.7)	**11.1**
Write-off and utilization	—	—	—	(2.5)	**(2.5)**
Exchange differences on translating foreign operations	(0.4)	(0.1)	(0.1)	(0.5)	**(1.1)**
Provision for impairment as at 30 September 2016	**11.9**	**4.2**	**0.1**	**4.7**	**20.9**

17 Other Liabilities (continued)

Movement in the provision for impairment of credit related commitments and other commitments during the three months ended 30 September 2016 is as follows:

(unaudited) *in billions of Russian Roubles*	Guarantees issued	Commitments to extend credit and undrawn credit lines	Letters of credit	Other commitments	Total
Provision for impairment as at 30 June 2016	**9.5**	**4.5**	**0.2**	**3.3**	**17.5**
Net provision charge / (net recovery of provision) for impairment during the period	2.5	(0.3)	(0.1)	1.7	**3.8**
Exchange differences on translating foreign operations	(0.1)	—	—	(0.3)	**(0.4)**
Provision for impairment as at 30 September 2016	**11.9**	**4.2**	**0.1**	**4.7**	**20.9**

Movement in the provision for impairment of credit related commitments and other commitments during the nine months ended 30 September 2015 is as follows:

(unaudited) *in billions of Russian Roubles*	Guarantees issued	Other commitments	Total
Provision for impairment as at 31 December 2014 (audited)	**9.3**	**2.4**	**11.7**
(Net recovery of provision) / net provision charge for impairment during the period	(4.7)	3.4	**(1.3)**
Write-off and utilization	(0.1)	(0.2)	**(0.3)**
Exchange differences on translating foreign operations	0.1	0.8	**0.9**
Provision for impairment as at 30 September 2015	**4.6**	**6.4**	**11.0**

Movement in the provision for impairment of credit related commitments and other commitments during the three months ended 30 September 2015 is as follows:

(unaudited) *in billions of Russian Roubles*	Guarantees issued	Other commitments	Total
Provision for impairment as at 30 June 2015	**4.1**	**4.6**	**8.7**
Net provision charge for impairment during the period	0.4	1.5	**1.9**
Write-off and utilization	(0.1)	(0.2)	**(0.3)**
Exchange differences on translating foreign operations	0.2	0.5	**0.7**
Provision for impairment as at 30 September 2015	**4.6**	**6.4**	**11.0**

17 Other Liabilities (continued)

Liabilities on insurance and pension fund operations. The liabilities on insurance and pension fund operations consist predominantly of actuarial provision. The tables below represent the movement of this provision for insurance contract liabilities with/without discretionary participation features ("DPF") and for investment contract liabilities with DPF.

The table below represents the movement of actuarial provision on insurance operations for the nine months ended 30 September 2016:

(unaudited) *in billions of Russian Roubles*	**Insurance contract liabilities with DPF**	**Insurance contract liabilities without DPF**	**Total gross insurance contract liabilities**
Provision as at 31 December 2015 (audited)	**5.1**	**61.9**	**67.0**
Increase related to new contracts	3.0	32.6	**35.6**
Other movements including changes on run-off contracts	0.2	(2.5)	**(2.3)**
Foreign currency translation	0.2	1.3	**1.5**
Provision as at 30 September 2016	**8.5**	**93.3**	**101.8**

The table below represents the movement of actuarial provision on insurance operations for the three months ended 30 September 2016:

(unaudited) *in billions of Russian Roubles*	**Insurance contract liabilities with DPF**	**Insurance contract liabilities without DPF**	**Total gross insurance contract liabilities**
Provision as at 30 June 2016	**7.3**	**81.8**	**89.1**
Increase related to new contracts	1.0	13.6	**14.6**
Other movements including changes on run-off contracts	0.1	(1.8)	**(1.7)**
Foreign currency translation	0.1	(0.3)	**(0.2)**
Provision as at 30 September 2016	**8.5**	**93.3**	**101.8**

The table below represents the movement of actuarial provision on insurance operations for the nine months ended 30 September 2015:

(unaudited) *in billions of Russian Roubles*	**Insurance contract liabilities with DPF**	**Insurance contract liabilities without DPF**	**Total gross insurance contract liabilities**
Provision as at 31 December 2014 (audited)	**2.8**	**31.8**	**34.6**
Increase related to new contracts	1.1	21.9	**23.0**
Other movements including changes on run-off contracts	—	(2.9)	**(2.9)**
Foreign currency translation	(0.1)	1.5	**1.4**
Provision as at 30 September 2015	**3.8**	**52.3**	**56.1**

17 Other Liabilities (continued)

The table below represents the movement of actuarial provision on insurance operations for the three months ended 30 September 2015:

(unaudited) *in billions of Russian Roubles*	Insurance contract liabilities with DPF	Insurance contract liabilities without DPF	Total gross insurance contract liabilities
Provision as at 30 June 2015	**3.6**	**42.8**	**46.4**
Increase related to new contracts	0.4	10.3	**10.7**
Other movements including changes on run-off contracts	(0.1)	(2.3)	**(2.4)**
Foreign currency translation	(0.1)	1.5	**1.4**
Provision as at 30 September 2015	**3.8**	**52.3**	**56.1**

The table below represents the movement of actuarial provision on pension fund operations for the nine months ended 30 September 2016:

(unaudited) *in billions of Russian Roubles*	Insurance contract liabilities with DPF	Investment contract liabilities with DPF	Total gross pension contract liabilities
Provision as at 31 December 2015 (audited)	**243.4**	**13.2**	**256.6**
Increase related to new contracts	100.1	0.1	**100.2**
Payments and transfers	(18.8)	(0.2)	**(19.0)**
Other movements including changes on run-off contracts	21.2	2.6	**23.8**
Provision as at 30 September 2016	**345.9**	**15.7**	**361.6**

The table below represents the movement of actuarial provision on pension fund operations for the three months ended 30 September 2016:

(unaudited) *in billions of Russian Roubles*	Insurance contract liabilities with DPF	Investment contract liabilities with DPF	Total gross pension contract liabilities
Provision as at 30 June 2016	**337.1**	**13.7**	**350.8**
Increase related to new contracts	2.0	0.1	**2.1**
Payments and transfers	(0.4)	(0.1)	**(0.5)**
Other movements including changes on run-off contracts	7.2	2.0	**9.2**
Provision as at 30 September 2016	**345.9**	**15.7**	**361.6**

17 Other Liabilities (continued)

The table below represents the movement of actuarial provision on pension fund operations for the nine months ended 30 September 2015:

(unaudited) *in billions of Russian Roubles*	**Insurance contract liabilities with DPF**	**Investment contract liabilities with DPF**	**Total gross pension contract liabilities**
Provision as at 31 December 2014 (audited)	**74.6**	**9.7**	**84.3**
Increase related to new contracts	159.5	—	**159.5**
Payments and transfers	(7.6)	(0.1)	**(7.7)**
Other movements including changes on run-off contracts	12.2	3.2	**15.4**
Provision as at 30 September 2015	**238.7**	**12.8**	**251.5**

The table below represents the movement of actuarial provision on pension fund operations for the three months ended 30 September 2015:

(unaudited) *in billions of Russian Roubles*	**Insurance contract liabilities with DPF**	**Investment contract liabilities with DPF**	**Total gross pension contract liabilities**
Provision as at 30 June 2015	**233.0**	**10.5**	**243.5**
Increase related to new contracts	12.4	—	**12.4**
Payments and transfers	(0.2)	—	**(0.2)**
Other movements including changes on run-off contracts	(6.5)	2.3	**(4.2)**
Provision as at 30 September 2015	**238.7**	**12.8**	**251.5**

18 Subordinated Debt

in billions of Russian Roubles	30 September 2016 (unaudited)	31 December 2015
Subordinated debt received from the Bank of Russia	528.8	504.5
Subordinated debt issued under the MTN programme of Sberbank	214.3	259.0
Other subordinated debt	38.3	43.0
Total subordinated debt	**781.4**	**806.5**

Description of the subordinated debt received by the Group from the Bank of Russia is presented in the table below:

					30 September 2016 (unaudited)		31 December 2015	
Drawdown date	Interest rate repricing date	Currency	Nominal value in currency of issue, in millions of currency	Contractual interest rate, % p.a.	Carrying value, in billions of RR	Effective interest rate, % p.a.	Carrying value, in billions of RR	Effective interest rate, % p.a.
16 December 2008	31 December 2019	RUB	300,000	6.5	**318.6**	6.5	**304.1**	6.5
18 June 2014	31 December 2019	RUB	200,000	6.5	**210.2**	6.5	**200.4**	6.5
Total subordinated debt received from the Bank of Russia					**528.8**		**504.5**	

In March 2015, following the amendments to the Federal Law of the Russian Federation "On additional measures for supporting the financial system of the Russian Federation" terms and conditions of the subordinated loans received from the Bank of Russia in the total nominal value of RR 500 billion were modified. As it was allowed by the Federal Law the Bank elected to prolong these subordinated loans for 50 years from the date of the original draw down with an ability to unilaterally (without consent from Bank of Russia) roll over this subordinated facility at its maturity. The subordinated loan facility bears an interest rate of 6.5% p.a. Based on the terms and conditions of the modified subordinated loan the interest rate can be reset after 31 December 2019.

The Group considers that the terms of initial financial instruments previously reported by the Group were not significantly modified. On the repricing date the Group will reassess its judgement provided the conditions of the subordinated loans are substantially revised.

Description of the subordinated debt issued under the MTN programme of Sberbank is presented in the table below:

						30 September 2016 (unaudited)		31 December 2015	
Issue	Drawdown date	Maturity date	Currency	Nominal value in currency of issue, in millions of currency	Contractual interest rate, % p.a.	Carrying value, in billions of RR	Effective interest rate, % p.a.	Carrying value, in billions of RR	Effective interest rate, % p.a.
Series 12	29 October 2012	29 October 2022	USD	2,000	5.1	**89.6**	5.2	**113.7**	5.2
Series 16	23 May 2013	23 May 2023	USD	1,000	5.3	**63.5**	5.4	**72.3**	5.4
Series 17	26 February 2014	26 February 2024	USD	1,000	5.5	**61.2**	5.6	**73.0**	5.6
Total subordinated debt issued under the MTN programme of Sberbank						**214.3**		**259.0**	

During the nine months ended 30 September 2016 the Group repurchased a portion of the subordinated loan participation notes issued under the MTN programme from the market. The gain from early redemption of these notes amounted to RR 0.5 billion and is presented within other net operating income in the interim consolidated statement of profit or loss (during the nine months ended 30 September 2015: RR 1.2 billion).

In the event of the Bank's liquidation the claims of the holders of the subordinated debt would be subordinated to all other creditors.

19 Interest Income and Expense

(unaudited) *in billions of Russian Roubles*	Nine months ended 30 September 2016	Nine months ended 30 September 2015	Three months ended 30 September 2016	Three months ended 30 September 2015
Interest income				
Interest income on financial assets not at fair value through profit or loss				
Interest income on financial assets carried at amortized cost:				
- Loans and advances to customers	1,616.0	1,539.9	525.3	527.5
- Due from banks	32.2	16.7	13.5	5.0
- Debt investment securities held-to-maturity	30.0	25.6	10.2	8.1
- Correspondent/current accounts with banks	3.4	1.0	1.6	0.3
	1,681.6	**1,583.2**	**550.6**	**540.9**
Interest income on financial assets available-for-sale:				
- Debt investment securities available-for-sale	98.8	86.2	30.4	27.9
	98.8	**86.2**	**30.4**	**27.9**
Total interest income on financial assets not at fair value through profit or loss	**1,780.4**	**1,669.4**	**581.0**	**568.8**
Interest income on financial assets at fair value through profit or loss:				
- Debt securities designated as at fair value through profit or loss	18.8	7.6	6.6	4.3
- Debt trading securities	4.3	3.4	3.5	0.9
- Other interest income	0.1	0.3	—	0.2
	23.2	**11.3**	**10.1**	**5.4**
Total interest income	**1,803.6**	**1,680.7**	**591.1**	**574.2**
Interest expense				
Interest expense on financial liabilities not at fair value through profit or loss				
Interest expense on financial liabilities carried at amortized cost:				
- Term deposits of individuals	(409.8)	(374.6)	(133.9)	(141.1)
- Term deposits of legal entities	(150.2)	(209.6)	(41.6)	(60.2)
- Debt securities in issue at amortized cost	(66.6)	(68.4)	(21.4)	(22.9)
- Current/settlement accounts of legal entities	(41.7)	(53.8)	(11.7)	(13.7)
- Subordinated debt	(35.2)	(35.2)	(11.8)	(12.3)
- Term placements of banks	(31.6)	(193.8)	(6.1)	(43.0)
- Current/demand accounts of individuals	(13.5)	(11.6)	(4.6)	(4.1)
- Other borrowed funds	(8.5)	(10.5)	(2.8)	(2.5)
- Correspondent/current accounts of banks	(2.0)	(3.6)	(0.5)	(1.0)
	(759.1)	**(961.1)**	**(234.4)**	**(300.8)**
Interest expense on financial liabilities at fair value through profit or loss:				
- Obligation to deliver securities	(1.0)	(0.9)	(0.3)	(0.2)
	(1.0)	**(0.9)**	**(0.3)**	**(0.2)**
Total interest expense	**(760.1)**	**(962.0)**	**(234.7)**	**(301.0)**
Deposit insurance expenses	(35.9)	(27.9)	(13.6)	(9.8)
Total interest expense including deposit insurance expenses	**(796.0)**	**(989.9)**	**(248.3)**	**(310.8)**
Net interest income	**1,007.6**	**690.8**	**342.8**	**263.4**

20 Fee and Commission Income and Expense

(unaudited) *in billions of Russian Roubles*	Nine months ended 30 September 2016	2015	Three months ended 30 September 2016	2015
Fee and commission income				
Cash and settlements transactions with legal entities	178.5	145.5	64.7	53.6
Cash and settlements transactions with individuals	72.7	62.3	25.3	23.3
Documentary commissions	18.5	16.3	6.1	5.8
Operations with foreign currencies and precious metals	17.7	28.4	6.8	10.3
Agent commissions	7.0	5.1	3.3	2.2
Cash collection	5.3	4.6	2.1	1.8
Operations on financial markets on behalf of clients and investment banking operations	3.4	3.1	1.0	0.8
Other	8.4	3.8	2.9	1.4
Total fee and commission income	**311.5**	**269.1**	**112.2**	**99.2**
Fee and commission expense				
Settlement transactions	(56.2)	(42.2)	(21.7)	(16.3)
Operations with foreign currencies	(0.3)	(0.4)	(0.1)	(0.2)
Cash collection	(0.3)	(0.3)	(0.1)	(0.1)
Other	(3.0)	(2.8)	(1.7)	(0.7)
Total fee and commission expense	**(59.8)**	**(45.7)**	**(23.6)**	**(17.3)**
Net fee and commission income	**251.7**	**223.4**	**88.6**	**81.9**

21 Net Results from Trading in Foreign Currencies, Operations with Foreign Currency Derivatives and Foreign Exchange Translation

(unaudited) *in billions of Russian Roubles*	Nine months ended 30 September 2016	2015	Three months ended 30 September 2016	2015
Net foreign exchange translation losses	(14.8)	(48.6)	(15.5)	(68.5)
Net (losses) / gains from operations with foreign currency and foreign currency interest rate derivatives	(41.7)	36.5	8.0	53.3
Net gains from trading in foreign currencies	10.3	74.1	4.2	32.7
Total net (losses) / gains from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	**(46.2)**	**62.0**	**(3.3)**	**17.5**

22 Net Results of Non-banking Business Activities

(unaudited) *in billions of Russian Roubles*	Nine months ended 30 September 2016	Nine months ended 30 September 2015	Three months ended 30 September 2016	Three months ended 30 September 2015
Revenue from sale of goods	11.6	7.9	4.6	3.3
Revenue from rendering of services	0.5	0.5	0.3	0.3
Revenue from construction contracts	0.3	1.2	0.1	0.3
Revenue from operating lease	0.3	0.1	0.1	—
Revenue from other activities	8.7	6.9	2.7	2.9
Total revenue of non-banking business activities	**21.4**	**16.6**	**7.8**	**6.8**
Cost of sales and other expenses:				
- cost of goods sold	(9.7)	(7.0)	(3.9)	(2.6)
- staff costs	(4.2)	(3.6)	(1.4)	(1.5)
- maintenance of premises and equipment	(1.1)	(1.8)	(0.4)	(0.8)
- depreciation of fixed assets	(1.0)	(1.3)	(0.3)	—
- transport costs	(0.1)	(0.1)	—	—
- other expenses	(2.7)	(3.4)	(0.8)	(1.5)
Total cost of sales and other expenses of non-banking business activities	**(18.8)**	**(17.2)**	**(6.8)**	**(6.4)**
Net result of non-banking business activities	**2.6**	**(0.6)**	**1.0**	**0.4**

23 Net premiums, claims, benefits, change in contract liabilities and acquisition costs on insurance and pension fund operations

(unaudited) *in billions of Russian Roubles*	Nine months ended 30 September 2016	Nine months ended 30 September 2015	Three months ended 30 September 2016	Three months ended 30 September 2015
Net premiums				
Gross premiums written	168.7	203.8	28.1	19.2
Premiums ceded to reinsurers	(0.3)	(0.1)	(0.1)	—
Premiums returns	(1.2)	(1.1)	(0.3)	(0.4)
Total net premiums from insurance and pension fund operations	**167.2**	**202.6**	**27.7**	**18.8**
Net claims, benefits and change in contract liabilities				
Gross benefits and claims occurred	(21.5)	(9.3)	(1.4)	(1.4)
Change in contract liabilities	(138.3)	(187.3)	(23.7)	(16.3)
Total net claims, benefits and change in contract liabilities	**(159.8)**	**(196.6)**	**(25.1)**	**(17.7)**
Acquisition costs	(0.2)	(0.1)	(0.1)	—
Total net claims, benefits, change in contract liabilities and acquisition costs on insurance and pension fund operations	**(160.0)**	**(196.7)**	**(25.2)**	**(17.7)**
Total	**7.2**	**5.9**	**2.5**	**1.1**

24 Operating Expenses

(unaudited) *in billions of Russian Roubles*	Nine months ended 30 September 2016	Nine months ended 30 September 2015	Three months ended 30 September 2016	Three months ended 30 September 2015
Staff costs	278.1	246.9	94.2	79.1
Depreciation of premises and equipment	45.8	44.3	14.7	14.3
Repairs and maintenance of premises and equipment	27.1	25.6	10.3	8.9
Administrative expenses	26.8	24.2	10.1	8.7
Operating lease expenses	23.1	20.2	7.6	7.1
Taxes other than on income	21.6	22.0	7.9	8.4
Telecommunication expenses	17.5	15.9	7.2	6.2
Amortization of intangible assets	17.0	15.2	5.6	7.5
Consulting and assurance services	6.5	6.0	2.2	2.2
Advertising and marketing services	4.0	4.6	1.2	1.3
Other	8.1	6.8	2.0	1.7
Total operating expenses	**475.6**	**431.7**	**163.0**	**145.4**

25 Earnings per Share and Dividends

Basic earnings per share is calculated by dividing the profit attributable to the holders of ordinary shares of the Bank by the weighted average number of ordinary shares in issue during the period, excluding treasury shares. The Bank has no dilutive potential ordinary shares; therefore the diluted earnings per share equal to the basic earnings per share.

(unaudited) *in billions of Russian Roubles*	Nine months ended 30 September 2016	 2015	Three months ended 30 September 2016	 2015
Profit for the period attributable to the shareholders of the Bank	399.7	150.2	137.1	65.4
Less preference dividends declared	(1.9)	(0.5)	—	—
Profit attributable to the ordinary shareholders of the Bank	**397.8**	**149.7**	**137.1**	**65.4**
Weighted average number of ordinary shares in issue (billions)	21.5	21.5	21.5	21.5
Earnings per ordinary share, basic and diluted (expressed in RR per share)	**18.46**	**6.96**	**6.36**	**3.04**

On 27 May 2016, the Annual General Shareholders' Meeting of the Bank declared dividends of RR 44.5 billion for 2015 including RR 0.1 billion paid to one of the subsidiaries of the Bank. On 29 May 2015, the Annual General Shareholders' Meeting of the Bank declared dividends of RR 10.2 billion for 2014.

(unaudited) *in billions of Russian Roubles*	Nine months ended 30 September 2016 Ordinary	 Preference	Nine months ended 30 September 2015 Ordinary	 Preference
Dividends payable as at 1 January (audited)	0.4	0.1	0.5	0.1
Dividends declared during the period	42.5	1.9	9.7	0.5
Dividends paid during the period	(42.6)	(1.9)	(9.8)	(0.5)
Dividends payable as at 30 September	**0.3**	**0.1**	**0.4**	**0.1**
Dividends per share declared during the period (RR per share)	**1.97**	**1.97**	**0.45**	**0.45**

26 Segment Analysis

For the purposes of management the Group is divided into operating segments of activity – Central head office, 14 regional head offices and subsidiaries – which are defined on the basis of organizational structure of the Group and geographical areas. The principal activity of all operating segments is banking operations. For the purposes of presentation in these interim condensed consolidated financial statements the operating segments are aggregated in the following reportable segments:

- **Moscow, including:**
  - Central head office of the Group,
  - Regional head office of Moscow,
  - Subsidiaries of the Group located in the region.
- **Central and Northern regions of European part of Russia, including:**
  Regional head offices:
  - Severny – Yaroslavl,
  - Severo-Zapadny – Saint-Petersburg,
  - Tsentralno-Chernozemny – Voronezh,
  - Srednerussky – Moscow;

  Subsidiaries of the Group located in the region.
- **Volga region and South of European part of Russia, including:**
  Regional head offices:
  - Volgo-Vyatsky – Nizhniy Novgorod,
  - Povolzhsky – Samara,
  - Yugo-Zapadny – Rostov-on-Don;

  Subsidiaries of the Group located in the region.
- **Ural, Siberia and Far East of Russia, including:**
  Regional head offices:
  - Zapadno-Uralsky – Perm,
  - Uralsky – Ekaterinburg,
  - Sibirsky – Novosibirsk,
  - Zapadno-Sibirsky – Tumen,
  - Dalnevostochny – Khabarovsk,
  - Baikalsky – Irkutsk;

  Subsidiaries of the Group located in the region.
- **Other countries, including:**
  - Subsidiaries located in Turkey,
  - Subsidiaries located in Ukraine, Kazakhstan, Belarus,
  - Subsidiaries located in Austria and Switzerland,
  - Subsidiaries of Sberbank Europe AG located in Central and Eastern Europe,
  - Companies of ex-Troika Dialog Group Ltd. located in the USA, the United Kingdom, Cyprus and certain other jurisdictions,
  - A branch office in India,
  - Representative offices in Germany and China.

The Management of the Group analyses operating results of every segment of activity for the purposes of making decision about allocation of resources and assessment of segments' business results. The segment reporting and operating results which are provided to the Management of the Group for analysis are prepared under Russian accounting standards, except the segment reporting of the subsidiaries which is prepared under International Financial Reporting Standards.

Intersegment operations are performed on the basis of internal transfer pricing rates which are established, approved and regularly revised by the Management of the Group.

26 Segment Analysis (Continued)

The subsidiaries' activity is controlled by the Group integrally.

Segment reporting of the Group's assets and liabilities as at 30 September 2016 is as follows:

(unaudited) *in billions of Russian Roubles*	**Moscow**	**Central and Northern regions of European part of Russia**	**Volga region and South of European part of Russia**	**Ural, Siberia and Far East of Russia**	**Other countries**	**Total**
Total assets	11,767.4	3,103.5	2,624.0	3,646.5	4,412.7	**25,554.1**
Total liabilities	8,587.9	4,215.9	2,862.4	3,786.1	3,505.4	**22,957.7**

Segment reporting of the Group's assets and liabilities as at 31 December 2015 is as follows:

in billions of Russian Roubles	**Moscow**	**Central and Northern regions of European part of Russia**	**Volga region and South of European part of Russia**	**Ural, Siberia and Far East of Russia**	**Other countries**	**Total**
Total assets	12,014.3	3,442.1	2,884.4	3,974.2	5,202.1	**27,517.1**
Total liabilities	9,800.1	4,310.7	2,970.6	3,972.2	4,178.3	**25,231.9**

26 Segment Analysis (Continued)

Reconciliation of total assets and total liabilities as per the reportable segments with the Group's total assets and total liabilities under IFRS as at 30 September 2016 and 31 December 2015 is as follows:

	30 September 2016 (unaudited)		31 December 2015	
in billions of Russian Roubles	Total assets	Total liabilities	Total assets	Total liabilities
Total assets and liabilities	**25,554.1**	**22,957.7**	**27,517.1**	**25,231.9**
Financial assets and liabilities netting	(64.7)	(64.7)	(232.2)	(232.2)
Adjustment to staff expenses accrued (bonuses, annual leave, pension liabilities)	—	2.9	—	24.8
Adjustment of provision for impairment of debt financial assets	150.4	—	163.1	—
Accounting for derivatives at fair value	(8.4)	(0.6)	(7.1)	(8.1)
Accounting for loans by effective rate method	(20.2)	—	(29.5)	—
Write-down of low value assets	(12.7)	—	(14.0)	—
Adjustment of other provisions	55.8	—	37.6	—
Adjustment of depreciation and initial cost or revalued amount of premises and equipment	(23.2)	—	(19.8)	—
Accounting for financial contracts with embedded derivatives	(4.3)	—	(8.8)	—
Accounting for financing by the effective rate method and early redemption of own issued bonds	(96.6)	(94.2)	(84.8)	(89.7)
Accrual of expenses on customer loyalty programs	—	13.2	—	10.6
Currency translation of investments in subsidiaries and associates	1.8	—	1.8	—
Adjustment for credit related commitments provision	—	(24.5)	—	(36.9)
Adjustment for legal claims provision	—	0.7	—	2.6
Commission income adjustment	6.6	3.2	4.2	2.2
Reclassification of securities between portfolios	0.3	—	(0.7)	—
Adjustment for recognition of securities on trade date	0.6	0.6	—	—
Accounting for mortgage loans securitisation	5.9	5.9	7.2	7.2
Adjustment for deferred tax	(10.2)	1.2	8.1	52.2
Effect of initial recognition of financial instruments at fair value	(4.9)	(2.9)	(5.5)	(3.8)
Other	1.3	0.1	(2.0)	(1.1)
The Group's total assets/liabilities under IFRS	**25,531.6**	**22,798.6**	**27,334.7**	**24,959.7**

26 Segment Analysis (Continued)

Segment reporting of the Group's income and expenses for the nine months ended 30 September 2016 is as follows:

(unaudited) *in billions of Russian Roubles*	**Moscow**	**Central and Northern regions of European part of Russia**	**Volga region and South of European part of Russia**	**Ural, Siberia and Far East of Russia**	**Other countries**	**Inter-company eliminations**	**Total**
Interest income	690.1	292.2	246.9	349.7	258.0	(54.2)	1,782.7
Interest expense	(329.8)	(156.7)	(101.3)	(131.5)	(123.8)	52.8	(790.3)
Inter-segment income / (expense)	22.7	(8.0)	(5.7)	(9.0)	—	—	—
Fee and commission income	46.3	80.3	65.2	90.2	42.4	(11.9)	312.5
Fee and commission expense	(26.9)	(9.6)	(6.8)	(13.3)	(12.5)	9.2	(59.9)
Net gains from securities	17.1	—	—	—	3.2	(3.0)	17.3
Net (losses) / gains from trading in foreign currencies, operations with foreign currency derivatives and other derivatives, foreign exchange translation	(2.7)	0.3	1.6	—	(8.1)	(0.1)	(9.0)
Net gains from operations with precious metals, precious metals derivatives and precious metals accounts translation	3.0	—	—	—	2.3	0.1	5.4
Net result from non-banking business activities	17.1	0.8	1.9	0.1	0.7	(17.9)	2.7
Net premiums, claims, benefits and acquisition costs from insurance and pension fund operations	19.1	(7.4)	(5.9)	(6.6)	—	7.8	7.0
Goodwill impairment	—	(0.3)	—	—	—	—	(0.3)
Net other operating (losses) / gains	(0.9)	2.2	12.5	(2.7)	6.2	(2.8)	14.5
Operating income before provision charge for impairment of debt financial assets	**455.1**	**193.8**	**208.4**	**276.9**	**168.4**	**(20.0)**	**1,282.6**
Net provision charge for impairment of debt financial assets	(128.7)	(41.2)	(34.7)	(50.7)	(52.6)	(2.4)	(310.3)
Operating income	**326.4**	**152.6**	**173.7**	**226.2**	**115.8**	**(22.4)**	**972.3**
Operating expenses	(170.8)	(71.9)	(65.0)	(87.4)	(84.9)	9.3	(470.7)
Profit before tax (Segment result)	**155.6**	**80.7**	**108.7**	**138.8**	**30.9**	**(13.1)**	**501.6**
Other disclosures							
Capital expenditure incurred (additions of premises and equipment and intangible assets)	46.5	6.9	9.5	9.3	10.0	—	82.2
Depreciation of premises and equipment and amortisation of intangible assets	(23.4)	(6.7)	(7.9)	(8.7)	(7.4)	—	(54.1)

26 Segment Analysis (Continued)

Segment reporting of the Group's income and expenses for the three months ended 30 September 2016 is as follows:

(unaudited) *in billions of Russian Roubles*	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Inter-company eliminations	Total
Interest income	226.5	97.6	82.8	116.1	83.8	(18.2)	588.6
Interest expense	(99.5)	(51.1)	(32.7)	(42.0)	(38.6)	18.1	(245.8)
Inter-segment income / (expense)	7.4	(2.8)	(1.8)	(2.8)	—	—	—
Fee and commission income	15.0	28.7	23.6	32.5	13.7	(3.3)	110.2
Fee and commission expense	(13.2)	(2.4)	(1.6)	(3.6)	(4.1)	2.3	(22.6)
Net gains / (losses) from securities	7.7	—	—	—	(1.9)	(1.4)	4.4
Net (losses) / gains from trading in foreign currencies, operations with foreign currency derivatives and other derivatives, foreign exchange translation	(1.7)	0.4	0.1	(0.1)	1.2	(0.1)	(0.2)
Net (losses) / gains from operations with precious metals, precious metals derivatives and precious metals accounts translation	(0.5)	—	—	—	1.9	—	1.4
Net result from non-banking business activities	8.0	0.7	0.2	0.1	0.3	(8.0)	1.3
Net premiums, claims, benefits and acquisition costs from insurance and pension fund operations	8.2	(2.9)	(2.3)	(2.6)	—	1.9	2.3
Net other operating (losses) / gains	(1.6)	—	(0.5)	(2.3)	3.1	(1.3)	(2.6)
Operating income before provision charge for impairment of debt financial assets	**156.3**	**68.2**	**67.8**	**95.3**	**59.4**	**(10.0)**	**437.0**
Net provision charge for impairment of debt financial assets	(50.6)	(10.5)	(10.2)	(13.8)	(15.3)	(0.3)	(100.7)
Operating income	**105.7**	**57.7**	**57.6**	**81.5**	**44.1**	**(10.3)**	**336.3**
Operating expenses	(63.9)	(25.0)	(21.9)	(30.7)	(25.9)	5.1	(162.3)
Profit before tax (Segment result)	**41.8**	**32.7**	**35.7**	**50.8**	**18.2**	**(5.2)**	**174.0**
Other disclosures							
Capital expenditure incurred (additions of premises and equipment and intangible assets)	35.9	2.5	3.0	3.3	2.8	—	47.5
Depreciation of premises and equipment and amortisation of intangible assets	(7.6)	(2.4)	(2.6)	(3.0)	(2.8)	—	(18.4)

26 Segment Analysis (Continued)

Segment reporting of the Group's income and expenses for the nine months ended 30 September 2015 is as follows:

(unaudited) in billions of Russian Roubles	Moscow	Central and Northern regions of European part of Russia	Volga region and South of European part of Russia	Ural, Siberia and Far East of Russia	Other countries	Inter-company eliminations	Total
Interest income	616.3	282.8	239.3	342.7	227.8	(51.7)	1,657.2
Interest expense	(525.2)	(156.6)	(103.8)	(127.7)	(118.2)	51.4	(980.1)
Inter-segment income / (expense)	4.2	(1.2)	(1.0)	(2.0)	—	—	—
Fee and commission income	42.4	64.4	53.1	78.0	37.6	(9.7)	265.8
Fee and commission expense	(15.0)	(8.0)	(5.4)	(11.0)	(11.2)	5.2	(45.4)
Net gains from securities	9.8	—	—	—	2.0	(2.3)	9.5
Net gains from trading in foreign currencies, operations with foreign currency derivatives and other derivatives, foreign exchange translation	34.0	0.3	0.1	0.1	10.7	1.5	46.7
Net (losses) / gains from operations with precious metals, precious metals derivatives and precious metals accounts translation	(2.1)	—	—	—	1.8	0.2	(0.1)
Net result from non-banking business activities	12.2	0.4	(1.3)	—	0.8	(12.7)	(0.6)
Net premiums, claims, benefits and acquisition costs from insurance and pension fund operations	10.9	(4.3)	(3.7)	(3.9)	—	6.9	5.9
Goodwill impairment	—	(0.2)	—	—	—	—	(0.2)
Net other operating (losses) / gains	(15.6)	(0.5)	1.7	3.2	2.7	(1.7)	(10.2)
Operating income before provision charge for impairment of debt financial assets	**171.9**	**177.1**	**179.0**	**279.4**	**154.0**	**(12.9)**	**948.5**
Net provision charge for impairment of debt financial assets	(69.9)	(51.3)	(44.8)	(79.5)	(123.8)	2.3	(367.0)
Operating income	**102.0**	**125.8**	**134.2**	**199.9**	**30.2**	**(10.6)**	**581.5**
Operating expenses	(133.7)	(68.5)	(63.5)	(81.7)	(83.9)	6.4	(424.9)
(Loss) / profit before tax (Segment result)	**(31.7)**	**57.3**	**70.7**	**118.2**	**(53.7)**	**(4.2)**	**156.6**
Other disclosures							
Capital expenditure incurred (additions of premises and equipment and intangible assets)	18.3	10.5	11.2	14.7	7.3	—	62.0
Depreciation of premises and equipment and amortisation of intangible assets	(17.4)	(6.5)	(7.6)	(8.5)	(6.3)	—	(46.3)

26 Segment Analysis (Continued)

Segment reporting of the Group's income and expenses for the three months ended 30 September 2015 is as follows:

(unaudited) in billions of Russian Roubles	**Moscow**	**Central and Northern regions of European part of Russia**	**Volga region and South of European part of Russia**	**Ural, Siberia and Far East of Russia**	**Other countries**	**Inter-company eliminations**	**Total**
Interest income	212.8	97.6	81.6	117.1	76.3	(16.7)	568.7
Interest expense	(151.4)	(53.3)	(36.2)	(44.6)	(39.7)	16.4	(308.8)
Inter-segment income / (expense)	1.5	(0.6)	(0.3)	(0.6)	—	—	—
Fee and commission income	8.6	23.4	20.2	28.7	13.1	(3.1)	90.9
Fee and commission expense	(6.8)	(3.0)	(2.1)	(4.1)	(4.1)	2.6	(17.5)
Net gains from securities	1.5	—	—	—	2.8	(1.4)	2.9
Net gains / (losses) from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation, other derivatives	18.2	—	(0.4)	0.1	7.8	1.5	27.2
Net (losses) / gains from operations with precious metals, precious metals derivatives and precious metals accounts translation	(3.0)	—	—	—	0.8	0.2	(2.0)
Net result from non-banking business activities	12.0	0.3	(0.2)	0.1	0.6	(12.2)	0.6
Net premiums, claims, benefits and acquisition costs from insurance and pension fund operations	9.0	(1.9)	(1.7)	(1.8)	—	2.7	6.3
Net other operating gains / (losses)	2.3	(0.5)	1.3	(4.0)	0.8	(1.6)	(1.7)
Operating income before provision charge for impairment of debt financial assets	**104.7**	**62.0**	**62.2**	**90.9**	**58.4**	**(11.6)**	**366.6**
Net provision charge for impairment of debt financial assets	(73.8)	(12.6)	(5.1)	(17.8)	(45.0)	2.3	(152.0)
Operating income	**30.9**	**49.4**	**57.1**	**73.1**	**13.4**	**(9.3)**	**214.6**
Operating expenses	(49.8)	(23.5)	(22.0)	(28.8)	(30.4)	5.7	(148.8)
(Loss) / profit before tax (Segment result)	**(18.9)**	**25.9**	**35.1**	**44.3**	**(17.0)**	**(3.6)**	**65.8**
Other disclosures							
Capital expenditure incurred (additions of premises and equipment and intangible assets)	5.7	2.6	3.5	3.7	2.8	—	18.3
Depreciation of premises and equipment and amortisation of intangible assets	(5.8)	(2.2)	(2.1)	(2.9)	(2.3)	—	(15.3)

26 Segment Analysis (Continued)

Reconciliation of profit before tax for the reportable segments with the Group's profit before tax under IFRS for the nine months and for the three months ended 30 September 2016 and 30 September 2015 is as follows:

(unaudited) *in billions of Russian Roubles*	Nine months ended 30 September 2016	Nine months ended 30 September 2015	Three months ended 30 September 2016	Three months ended 30 September 2015
Total segments result	**501.6**	**156.6**	**174.0**	**65.8**
Adjustment to staff expenses accrued (bonuses, annual leave, pension liabilities)	(1.7)	(2.9)	(0.5)	4.6
Adjustment of provision for impairment of debt financial assets	5.0	2.4	3.0	19.6
Accounting for derivatives at fair value	(25.2)	6.8	(7.6)	(4.3)
Accounting for loans by effective rate method	8.9	6.5	(4.7)	1.2
Write-down of low value assets	1.3	(0.6)	2.7	(0.5)
Adjustment of other provisions	13.9	17.7	1.2	5.1
Adjustment of depreciation and initial cost or revalued amount of premises and equipment	(2.2)	(0.9)	—	(0.3)
Accounting for financial contracts with embedded derivatives	0.8	0.9	0.2	—
Accounting for financing by the effective rate method and early redemption of own issued bonds	(1.2)	3.9	(0.3)	3.8
Accrual of expenses on customer loyalty programs	(0.7)	(1.2)	(1.4)	(0.2)
Currency translation of investments in subsidiaries and associates	—	11.1	—	(1.1)
Adjustment for credit related commitments provision	(12.4)	12.0	5.6	1.3
Adjustment for legal claims provision	1.9	(1.6)	(0.7)	0.6
Commission income adjustment	1.4	(0.4)	1.2	(0.2)
Reclassification of securities between portfolios	8.9	5.9	(2.9)	(4.7)
Accounting for mortgage loans securitisation	—	(0.1)	—	—
Effect of initial recognition of financial instruments at fair value	(0.5)	—	(0.1)	—
Other	(2.1)	0.9	0.6	1.3
The Group's profit before tax under IFRS	**497.7**	**217.0**	**170.3**	**92.0**

26 Segment Analysis (Continued)

The differences shown above arise from classification variances as well as different accounting policies.

Adjustment of provisions is related to the difference between estimation methodology applied in statutory accounting records used as a basis for management reporting and estimation methodology according to IFRS.

Differences arising on securities' classification relate to gains/(losses) on revaluation of securities designated as at fair value through profit or loss in IFRS reporting but classified as available-for-sale in statutory accounting records.

The sum of the line Accounting for derivatives at fair value includes adjustments to reflect recognition of embedded derivatives in the interim consolidated statement of financial position, the creation of CVA/DVA and the bid/offer provisions, as the necessary components of fair value.

For the nine months ended 30 September 2016 the Group's revenues from customers in the Russian Federation amounted to RR 2,014.6 billion (for the nine months ended 30 September 2015: RR 2,005.4 billion); revenues from customers in all foreign countries from which the Group derives revenues amounted to RR 289.2 billion (for the nine months ended 30 September 2015: RR 260.9 billion). For the nine months ended 30 September 2016 intersegment revenues amounted to RR 41.2 billion (for the nine months ended 30 September 2015: RR 25.8 billion).

For the three months ended 30 September 2016 the Group's revenues from customers in the Russian Federation amounted to RR 649.2 billion (for the three months ended 30 September 2015: RR 636.3 billion); revenues from customers in all foreign countries from which the Group derives revenues amounted to RR 94.7 billion (for the three months ended 30 September 2015: RR 90.5 billion). For the three months ended 30 September 2016 intersegment revenues amounted to RR 13.5 billion (for the three months ended 30 September 2015: RR 10.0 billion).

No revenue from transactions with a single external customer or counterparty amounted to 10.0% or more of the Group's total revenue during the nine months and the three months ended 30 September 2016 and 30 September 2015.

27 Financial Risk Management

The risk management function within the Group is carried out in respect of major types of risks: credit, market, liquidity and operational risks. Market risk includes interest rate risk, equity risk and currency risk. The Group's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and limits. The operational risk management functions are intended to ensure proper functioning of internal policies and procedures to minimize operational risk.

The Group's risk management policies and procedures are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2015.

Currency risk. Currency risk results from fluctuations in the prevailing foreign currency exchange rates. The Group is exposed to foreign exchange risk on open positions, mainly US dollar/Russian Rouble and Euro/Russian Rouble exchange rate fluctuations.

Foreign exchange risk on forward and futures contracts is represented by their discounted positions. Foreign exchange options are disclosed in the amount that reflects theoretical sensitivity of their fair value to reasonable change in exchange rates. Commodity options are shown at their fair value in relative settlement currency. Equity instruments are classified based on the country of origin of issuer.

The table below summarizes the Group's exposure to foreign exchange risk in respect of financial assets, liabilities and derivatives as at 30 September 2016.

(unaudited) *in billions of Russian Roubles*	**Russian Roubles**	**US Dollars**	**Euro**	**Turkish Lyra**	**Other**	**Total**
Assets						
Cash and cash equivalents	1,422.6	431.1	271.7	54.0	158.4	**2,337.8**
Mandatory cash balances with central banks	158.3	112.6	49.0	32.3	66.6	**418.8**
Financial assets at fair value through profit or loss (less fair value of derivatives)	300.4	57.7	1.9	1.4	4.0	**365.4**
Due from banks	126.3	249.4	33.8	—	56.7	**466.2**
Loans and advances to customers	10,936.1	4,272.9	1,246.3	931.2	394.8	**17,781.3**
Securities pledged under repurchase agreements	129.4	0.5	0.3	130.6	—	**260.8**
Investment securities available-for-sale	951.2	680.3	148.3	44.7	70.2	**1,894.7**
Investment securities held-to-maturity	242.1	167.8	10.7	27.2	0.3	**448.1**
Other financial assets	196.2	89.8	81.7	20.5	4.2	**392.4**
Total financial assets	**14,462.6**	**6,062.1**	**1,843.7**	**1,241.9**	**755.2**	**24,365.5**
Liabilities						
Due to banks	246.9	93.1	260.5	69.7	41.4	**711.6**
Due to individuals	8,084.3	1,952.6	1,337.8	429.6	283.8	**12,088.1**
Due to corporate customers	2,482.8	2,945.1	508.1	359.6	226.2	**6,521.8**
Debt securities in issue	655.3	422.1	110.7	47.9	36.4	**1,272.4**
Other borrowed funds	—	185.2	71.6	24.2	0.5	**281.5**
Financial liabilities at fair value through profit or loss other than debt securities in issue (less fair value of derivatives)	14.3	16.6	0.3	—	—	**31.2**
Other financial liabilities	162.7	45.7	16.6	55.9	6.5	**287.4**
Subordinated debt	530.6	238.0	7.1	—	5.7	**781.4**
Total financial liabilities	**12,176.9**	**5,898.4**	**2,312.7**	**986.9**	**600.5**	**21,975.4**
Net financial assets/(liabilities)	**2,285.7**	**163.7**	**(469.0)**	**255.0**	**154.7**	**2,390.1**
Net derivatives	**(31.7)**	**(146.7)**	**401.6**	**(49.8)**	**(107.0)**	**66.4**
Credit related commitments before provision for impairment (Note 28)	**2,656.8**	**1,015.5**	**415.6**	**755.0**	**100.2**	**4,943.1**

27 Financial Risk Management (Continued)

The table below summarizes the Group's exposure to foreign exchange risk in respect of financial assets, liabilities and derivatives as at 31 December 2015.

in billions of Russian Roubles	Russian Roubles	US Dollars	Euro	Turkish Lyra	Other	Total
Assets						
Cash and cash equivalents	1,161.1	709.6	265.3	49.3	148.3	**2,333.6**
Mandatory cash balances with central banks	118.5	141.4	53.4	11.6	63.0	**387.9**
Financial assets at fair value through profit or loss (less fair value of derivatives)	274.4	53.6	1.4	0.6	2.0	**332.0**
Due from banks	200.8	404.5	32.1	0.1	113.1	**750.6**
Loans and advances to customers	11,326.7	4,787.4	1,131.3	1,016.4	466.0	**18,727.8**
Securities pledged under repurchase agreements	56.9	2.5	—	160.7	1.9	**222.0**
Investment securities available-for-sale	922.0	696.5	147.5	63.1	45.2	**1,874.3**
Investment securities held-to-maturity	248.6	184.7	12.0	32.1	0.3	**477.7**
Other financial assets	423.9	121.6	93.1	13.6	18.8	**671.0**
Total financial assets	**14,732.9**	**7,101.8**	**1,736.1**	**1,347.5**	**858.6**	**25,776.9**
Liabilities						
Due to banks	590.9	120.9	206.5	79.4	48.2	**1,045.9**
Due to individuals	7,634.0	2,216.8	1,497.0	411.2	284.7	**12,043.7**
Due to corporate customers	2,898.7	3,471.1	688.8	344.1	351.9	**7,754.6**
Debt securities in issue	649.5	496.0	138.2	52.5	42.3	**1,378.5**
Other borrowed funds	—	262.9	88.0	46.5	0.6	**398.0**
Financial liabilities at fair value through profit or loss other than debt securities in issue (less fair value of derivatives)	13.2	15.9	0.3	—	—	**29.4**
Other financial liabilities	229.7	92.3	20.1	48.8	6.7	**397.6**
Subordinated debt	506.4	285.9	7.8	—	6.4	**806.5**
Total financial liabilities	**12,522.4**	**6,961.8**	**2,646.7**	**982.5**	**740.8**	**23,854.2**
Net financial assets/(liabilities)	**2,210.5**	**140.0**	**(910.6)**	**365.0**	**117.8**	**1,922.7**
Net derivatives	**(484.2)**	**(117.8)**	**879.6**	**(164.3)**	**24.3**	**137.6**
Credit related commitments before provision for impairment (Note 28)	**2,837.3**	**1,176.8**	**423.3**	**814.0**	**103.8**	**5,355.2**

The Group provides loans and advances to customers in foreign currency. Fluctuations of foreign currency exchange rates may negatively affect the ability of borrowers to repay loans, which will in turn increase the probability of loan loss.

27 Financial Risk Management (Continued)

Liquidity Risk. Liquidity risk is defined as the risk of mismatch between the maturities of assets and liabilities. The Group is exposed to daily calls on its available cash resources from interbank overnight deposits, customer's current accounts, term deposits, loan drawdowns, guarantees and from margin and other calls on cash settled derivative instruments.

Principles that are used to analyze liquidity position presentation and manage the Group liquidity risk management are based on the Bank's of Russia prudential initiatives and the Bank's practice:

- cash and cash equivalents represent highly liquid assets and are classified as "On demand and less than 1 month";
- trading securities, securities designated as at fair value through profit or loss and highly liquid portion of investment securities available-for-sale are considered to be liquid assets as these securities could be easily converted into cash within short period of time. Such financial instruments are disclosed in the analysis of liquidity position as "on demand and less than 1 month";
- investment securities available-for-sale which are less liquid are disclosed according to remaining contractual maturities (for debt instruments) or as "No stated maturity / overdue" (for equities);
- investment securities held-to-maturity including those pledged under repurchase agreements are classified based on the remaining contractual maturities;
- highly liquid portion of securities pledged under repurchase agreements is disclosed based on the remaining maturities of repurchase agreements;
- loans and advances to customers, amounts due from banks, other assets, debt securities in issue, amounts due to banks, other borrowed funds and other liabilities are included into analysis of liquidity position based on remaining contractual maturities (for loans and advances to customers "No stated maturity / overdue" category represents only actual payments which were overdue);
- customer deposits are not disclosed as "On demand and less than 1 month" although customers have an opportunity to withdraw money from any account, including term deposits, before maturity date, losing the right to accrued interest. Customer deposits diversification by number and type of depositors and the past experience of the Group indicate that such accounts and deposits provide a long-term and stable source of funding, and as a result in the analysis of liquidity position they are allocated on the basis of expected time of funds outflow which based on statistical data accumulated by the Group during the previous periods and assumptions regarding the "permanent" part of current account balances;
- assets and liabilities other than those discussed above are generally classified on the basis of their contractual maturities.

27 Financial Risk Management (Continued)

The analysis of liquidity position of the Group's assets and liabilities as at 30 September 2016 is set out below.

(unaudited) *in billions of Russian Roubles*	On demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	More than 3 years	No stated maturity/ overdue	Total
Assets							
Cash and cash equivalents	2,337.8	—	—	—	—	—	**2,337.8**
Mandatory cash balances with central banks	189.7	78.9	33.1	97.7	19.4	—	**418.8**
Financial assets at fair value through profit or loss	386.7	56.8	41.7	93.7	52.3	—	**631.2**
Due from banks	386.2	44.2	21.7	13.7	0.4	—	**466.2**
Loans and advances to customers	938.2	1,740.8	1,889.7	5,383.9	7,468.9	359.8	**17,781.3**
Securities pledged under repurchase agreements	200.2	—	23.7	5.0	31.5	0.4	**260.8**
Investment securities available-for-sale	1,872.0	3.5	3.6	5.6	8.7	1.3	**1,894.7**
Investment securities held-to-maturity	1.6	3.9	84.5	96.9	261.2	—	**448.1**
Deferred income tax asset	—	—	—	—	—	15.9	**15.9**
Premises and equipment	—	—	—	—	—	501.3	**501.3**
Assets of the disposal groups and non-current assets held for sale	8.0	—	—	—	—	—	**8.0**
Other assets	414.8	64.4	39.6	29.6	30.1	189.0	**767.5**
Total assets	**6,735.2**	**1,992.5**	**2,137.6**	**5,726.1**	**7,872.5**	**1,067.7**	**25,531.6**
Liabilities							
Due to banks	410.4	51.7	72.1	117.3	60.1	—	**711.6**
Due to individuals	3,538.6	2,715.0	1,186.6	4,148.0	499.9	—	**12,088.1**
Due to corporate customers	2,127.4	480.8	161.7	3,694.7	57.2	—	**6,521.8**
Debt securities in issue	127.4	542.1	146.4	258.6	197.9	—	**1,272.4**
Other borrowed funds	32.5	93.7	90.2	42.2	22.9	—	**281.5**
Financial liabilities at fair value through profit or loss other than debt securities in issue	43.2	40.5	18.0	88.7	40.2	—	**230.6**
Deferred income tax liability	—	—	—	—	—	63.8	**63.8**
Liabilities of the disposal groups	2.0	—	—	—	—	—	**2.0**
Other liabilities	228.2	67.3	30.8	19.7	442.7	56.7	**845.4**
Subordinated debt	12.0	32.5	17.7	96.9	622.3	—	**781.4**
Total liabilities	**6,521.7**	**4,023.6**	**1,723.5**	**8,466.1**	**1,943.2**	**120.5**	**22,798.6**
Net liquidity gap	**213.5**	**(2,031.1)**	**414.1**	**(2,740.0)**	**5,929.3**	**947.2**	**2,733.0**
Cumulative liquidity gap as at 30 September 2016	**213.5**	**(1,817.6)**	**(1,403.5)**	**(4,143.5)**	**1,785.8**	**2,733.0**	**—**

27 Financial Risk Management (Continued)

The analysis of liquidity position of the Group's assets and liabilities as at 31 December 2015 is set out below.

in billions of Russian Roubles	On demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	More than 3 years	No stated maturity/ overdue	Total
Assets							
Cash and cash equivalents	2,333.6	—	—	—	—	—	**2,333.6**
Mandatory cash balances with central banks	177.9	72.3	35.4	76.1	26.2	—	**387.9**
Financial assets at fair value through profit or loss	388.3	119.0	159.3	140.3	59.9	—	**866.8**
Due from banks	662.3	40.7	22.9	24.6	0.1	—	**750.6**
Loans and advances to customers	833.5	1,894.6	2,356.3	6,120.2	7,221.9	301.3	**18,727.8**
Securities pledged under repurchase agreements	149.5	—	—	41.3	31.2	—	**222.0**
Investment securities available-for-sale	1,845.5	6.8	8.4	4.0	8.9	0.7	**1,874.3**
Investment securities held-to-maturity	0.8	15.6	31.2	170.1	260.0	—	**477.7**
Deferred income tax asset	—	—	—	—	—	17.3	**17.3**
Premises and equipment	—	—	—	—	—	499.2	**499.2**
Assets of the disposal groups and non-current assets held for sale	—	212.7	—	—	—	—	**212.7**
Other assets	707.2	41.4	22.4	29.8	47.0	117.0	**964.8**
Total assets	**7,098.6**	**2,403.1**	**2,635.9**	**6,606.4**	**7,655.2**	**935.5**	**27,334.7**
Liabilities							
Due to banks	433.6	172.6	84.8	308.5	46.4	—	**1,045.9**
Due to individuals	3,640.8	2,531.0	1,572.7	3,729.5	569.7	—	**12,043.7**
Due to corporate customers	2,676.5	661.1	303.4	3,343.3	770.3	—	**7,754.6**
Debt securities in issue	128.2	383.0	197.6	308.2	361.5	—	**1,378.5**
Other borrowed funds	64.3	115.3	102.7	76.2	39.5	—	**398.0**
Financial liabilities at fair value through profit or loss other than debt securities in issue	82.8	115.3	59.1	97.6	71.8	—	**426.6**
Deferred income tax liability	—	—	—	—	—	132.0	**132.0**
Liabilities of the disposal groups	—	185.9	—	—	—	—	**185.9**
Other liabilities	334.2	59.5	16.6	30.5	320.0	27.2	**788.0**
Subordinated debt	—	6.7	44.5	113.6	641.7	—	**806.5**
Total liabilities	**7,360.4**	**4,230.4**	**2,381.4**	**8,007.4**	**2,820.9**	**159.2**	**24,959.7**
Net liquidity gap	**(261.8)**	**(1,827.3)**	**254.5**	**(1,401.0)**	**4,834.3**	**776.3**	**2,375.0**
Cumulative liquidity gap as at 31 December 2015	**(261.8)**	**(2,089.1)**	**(1,834.6)**	**(3,235.6)**	**1,598.7**	**2,375.0**	**—**

28 Credit Related Commitments

The primary purpose of credit related commitments instruments is to ensure that funds are available to a customer when required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer can not meet the obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralized by the underlying shipments of goods to which they relate or cash deposits and therefore carry less risk than direct lending.

Commitments to extend credit represent unused portions of authorizations to extend credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to a loss equal to the total amount of unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the maturities of credit related commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Outstanding credit related commitments are as follows:

in billions of Russian Roubles	**30 September 2016 (unaudited)**	**31 December 2015**
Commitments to extend credit	1,836.6	1,762.8
Guarantees issued	1,688.5	1,921.2
Undrawn credit lines	915.6	1,136.6
Export letters of credit	342.3	345.2
Import letters of credit and letters of credit for domestic settlements	160.1	189.4
Total credit related commitments before provision	**4,943.1**	**5,355.2**
Less provision	(16.2)	(5.0)
Total credit related commitments after provision	**4,926.9**	**5,350.2**

As at 30 September 2016 included in due to corporate customers are deposits of RR 90.3 billion (31 December 2015: RR 116.2 billion) held as collateral for irrevocable commitments under import letters of credit. Refer to Note 14.

The total outstanding contractual amount of undrawn credit lines, letters of credit and guarantees does not necessarily represent future cash payments, as these financial instruments may expire or terminate without any payments being made.

29 Fair Value Disclosures

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

29 Fair Value Disclosures (Continued)

The following table shows an analysis of classes of assets carried at fair value by level of the fair value hierarchy as at 30 September 2016:

(unaudited) *in billions of Russian Roubles*	Level 1	Level 2	Level 3	Total
Assets carried at fair value				
Trading securities	**68.8**	**0.7**	**0.1**	**69.6**
Corporate bonds	33.4	0.7	—	**34.1**
Russian federal loan bonds (OFZ bonds)	13.0	—	—	**13.0**
Russian Federation Eurobonds	10.2	—	—	**10.2**
Corporate shares	8.7	—	—	**8.7**
Foreign government and municipal bonds	2.5	—	—	**2.5**
Investments in mutual funds	0.8	—	0.1	**0.9**
Russian municipal and subfederal bonds	0.2	—	—	**0.2**
Securities designated as at fair value through profit or loss	**131.5**	**143.4**	**20.9**	**295.8**
Corporate bonds	72.0	138.4	—	**210.4**
Russian federal loan bonds (OFZ bonds)	46.0	—	—	**46.0**
Corporate shares	2.3	—	15.5	**17.8**
Russian municipal and subfederal bonds	8.0	—	—	**8.0**
Investments in mutual funds	—	5.0	5.4	**10.4**
Foreign government and municipal bonds	2.7	—	—	**2.7**
Russian Federation Eurobonds	0.5	—	—	**0.5**
Securities pledged under repurchase agreements	**200.9**	**—**	**—**	**200.9**
Russian federal loan bonds (OFZ bonds)	105.0	—	—	**105.0**
Foreign government and municipal bonds	95.4	—	—	**95.4**
Corporate shares	0.4	—	—	**0.4**
Corporate bonds	0.1	—	—	**0.1**
Investment securities available-for-sale	**1,604.7**	**289.5**	**0.5**	**1,894.7**
Corporate bonds	433.8	269.1	—	**702.9**
Russian federal loan bonds (OFZ bonds)	680.3	—	—	**680.3**
Russian Federation Eurobonds	238.8	—	—	**238.8**
Foreign government and municipal bonds	192.5	19.9	—	**212.4**
Corporate shares	30.4	0.1	0.5	**31.0**
Russian municipal and subfederal bonds	28.9	—	—	**28.9**
Promissory notes	—	0.4	—	**0.4**
Derivative financial instruments	**2.3**	**263.5**	**—**	**265.8**
Foreign currency interest rate derivatives	—	154.1	—	**154.1**
Interest rate derivatives	0.5	47.8	—	**48.3**
Foreign currency derivatives	—	37.3	—	**37.3**
Commodity derivatives including precious metals derivatives	1.7	13.5	—	**15.2**
Equity securities derivatives	—	6.3	—	**6.3**
Debt securities derivatives	0.1	2.8	—	**2.9**
Credit risk derivatives	—	1.7	—	**1.7**
Investment property	**—**	**—**	**12.6**	**12.6**
Office premises	**—**	**—**	**317.1**	**317.1**
Total assets carried at fair value	**2,008.2**	**697.1**	**351.2**	**3,056.5**

29 Fair Value Disclosures (Continued)

The following table shows an analysis of classes of assets carried at fair value by level of the fair value hierarchy as at 31 December 2015:

in billions of Russian Roubles	Level 1	Level 2	Level 3	Total
Assets carried at fair value				
Trading securities	**79.8**	**6.4**	**0.1**	**86.3**
Corporate bonds	41.0	6.3	—	**47.3**
Russian federal loan bonds (OFZ bonds)	15.6	—	—	**15.6**
Russian Federation Eurobonds	10.7	—	—	**10.7**
Corporate shares	9.6	0.1	0.1	**9.8**
Foreign government and municipal bonds	2.8	—	—	**2.8**
Russian municipal and subfederal bonds	0.1	—	—	**0.1**
Securities designated as at fair value through profit or loss	**109.2**	**116.3**	**20.2**	**245.7**
Corporate bonds	71.4	114.6	—	**186.0**
Russian federal loan bonds (OFZ bonds)	24.7	—	—	**24.7**
Corporate shares	1.3	—	19.5	**20.8**
Russian municipal and subfederal bonds	7.9	—	—	**7.9**
Investments in mutual funds	3.3	1.2	0.7	**5.2**
Russian Federation Eurobonds	0.6	—	—	**0.6**
Foreign government and municipal bonds	—	0.5	—	**0.5**
Securities pledged under repurchase agreements	**149.6**	**—**	**—**	**149.6**
Foreign government and municipal bonds	124.9	—	—	**124.9**
Russian federal loan bonds (OFZ bonds)	24.4	—	—	**24.4**
Corporate shares	0.3	—	—	**0.3**
Investment securities available-for-sale	**1,603.7**	**267.8**	**2.8**	**1,874.3**
Corporate bonds	478.8	203.7	—	**682.5**
Russian federal loan bonds (OFZ bonds)	639.6	—	—	**639.6**
Russian Federation Eurobonds	281.2	—	—	**281.2**
Foreign government and municipal bonds	137.1	63.1	—	**200.2**
Russian municipal and subfederal bonds	45.1	—	—	**45.1**
Corporate shares	21.9	0.6	2.8	**25.3**
Promissory notes	—	0.4	—	**0.4**
Derivative financial instruments	**3.3**	**520.1**	**11.4**	**534.8**
Foreign currency interest rate derivatives	—	312.9	—	**312.9**
Foreign currency derivatives	1.2	108.7	11.4	**121.3**
Interest rate derivatives	1.0	47.0	—	**48.0**
Commodity derivatives including precious metals derivatives	0.8	42.2	—	**43.0**
Credit risk derivatives	—	6.3	—	**6.3**
Debt securities derivatives	—	1.7	—	**1.7**
Equity securities derivatives	0.3	1.3	—	**1.6**
Investment property	**—**	**—**	**11.1**	**11.1**
Office premises	**—**	**—**	**316.9**	**316.9**
Total assets carried at fair value	**1,945.6**	**910.6**	**362.5**	**3,218.7**

29 Fair Value Disclosures (Continued)

The following table shows fair values of assets for which fair values are disclosed, by level of the fair value hierarchy as at 30 September 2016:

(unaudited) *in billions of Russian Roubles*	Level 1	Level 2	Level 3	Total
Assets for which fair values are disclosed				
Cash and cash equivalents	451.1	1,886.7	—	**2,337.8**
Mandatory cash balances with central banks	—	418.8	—	**418.8**
Due from banks	—	466.2	—	**466.2**
Loans and advances to customers	—	—	17,966.3	**17,966.3**
Investment securities held-to-maturity	417.7	38.5	—	**456.2**
Investment securities held-to-maturity pledged under repurchase agreement	60.3	—	—	**60.3**
Other financial assets	—	—	392.4	**392.4**
Total assets for which fair values are disclosed	**929.1**	**2,810.2**	**18,358.7**	**22,098.0**

The following table shows fair values of assets for which fair values are disclosed, by level of the fair value hierarchy as at 31 December 2015:

in billions of Russian Roubles	Level 1	Level 2	Level 3	Total
Assets for which fair values are disclosed				
Cash and cash equivalents	778.1	1,555.5	—	**2,333.6**
Mandatory cash balances with central banks	—	387.9	—	**387.9**
Due from banks	—	750.6	—	**750.6**
Loans and advances to customers	—	730.7	17,835.7	**18,566.4**
Investment securities held-to-maturity	416.4	48.5	—	**464.9**
Investment securities held-to-maturity pledged under repurchase agreement	72.9	—	—	**72.9**
Other financial assets	—	—	671.0	**671.0**
Total assets for which fair values are disclosed	**1,267.4**	**3,473.2**	**18,506.7**	**23,247.3**

29 Fair Value Disclosures (Continued)

The following tables show fair values of liabilities carried at fair value and of liabilities for which fair values are disclosed, by level of the fair value hierarchy as at 30 September 2016:

(unaudited) *in billions of Russian Roubles*	Level 1	Level 2	Level 3	Total
Liabilities carried at fair value				
Derivative financial instruments	**3.1**	**196.3**	**—**	**199.4**
Foreign currency interest rate derivatives	—	100.6	—	**100.6**
Foreign currency derivatives	0.5	46.5	—	**47.0**
Interest rate derivatives	0.5	35.6	—	**36.1**
Commodity derivatives including precious metals derivatives	1.1	12.9	—	**14.0**
Equity securities derivatives	1.0	0.6	—	**1.6**
Credit risk derivatives	—	0.1	—	**0.1**
Obligation to deliver securities	**31.2**	**—**	**—**	**31.2**
Corporate bonds	15.4	—	—	**15.4**
Russian federal loan bonds (OFZ bonds)	8.6	—	—	**8.6**
Corporate shares	5.7	—	—	**5.7**
Foreign government and municipal bonds	1.1	—	—	**1.1**
Russian Federation Eurobonds	0.4	—	—	**0.4**
Total liabilities carried at fair value	**34.3**	**196.3**	**—**	**230.6**
Liabilities for which fair values are disclosed				
Due to banks	—	712.0	—	**712.0**
Due to individuals	—	2,341.4	9,786.3	**12,127.7**
Due to corporate customers	—	2,367.7	4,125.6	**6,493.3**
Debt securities in issue	523.6	697.6	75.8	**1,297.0**
Other borrowed funds	—	91.2	188.1	**279.3**
Other financial liabilities	—	—	287.4	**287.4**
Subordinated debt	218.6	6.3	558.8	**783.7**
Total liabilities for which fair values are disclosed	**742.2**	**6,216.2**	**15,022.0**	**21,980.4**

29 Fair Value Disclosures (Continued)

The following tables show fair values of liabilities carried at fair value and of liabilities for which fair values are disclosed, by level of the fair value hierarchy as at 31 December 2015:

in billions of Russian Roubles	Level 1	Level 2	Level 3	Total
Liabilities carried at fair value				
Derivative financial instruments	**3.2**	**394.0**	**—**	**397.2**
Foreign currency interest rate derivatives	—	210.4	—	**210.4**
Foreign currency derivatives	1.1	120.5	—	**121.6**
Commodity derivatives including precious metals derivatives	1.2	39.2	—	**40.4**
Interest rate derivatives	0.7	22.8	—	**23.5**
Equity securities derivatives	0.1	0.9	—	**1.0**
Debt securities derivatives	0.1	0.1	—	**0.2**
Credit risk derivatives	—	0.1	—	**0.1**
Obligation to deliver securities	**29.3**	**0.1**	**—**	**29.4**
Corporate bonds	11.6	0.1	—	**11.7**
Russian federal loan bonds (OFZ bonds)	7.7	—	—	**7.7**
Corporate shares	5.5	—	—	**5.5**
Russian Federation Eurobonds	3.6	—	—	**3.6**
Foreign government and municipal bonds	0.9	—	—	**0.9**
Total liabilities carried at fair value	**32.5**	**394.1**	**—**	**426.6**
Liabilities for which fair values are disclosed				
Due to banks	—	1,045.4	—	**1,045.4**
Due to individuals	—	2,415.4	9,638.6	**12,054.0**
Due to corporate customers	—	2,361.2	5,290.3	**7,651.5**
Debt securities in issue	606.7	768.9	1.3	**1,376.9**
Other borrowed funds	—	396.0	—	**396.0**
Other financial liabilities	—	—	397.6	**397.6**
Subordinated debt	231.0	41.1	504.6	**776.7**
Total liabilities for which fair values are disclosed	**837.7**	**7,028.0**	**15,832.4**	**23,698.1**

Level 2 includes debt securities of first-class borrowers and derivative financial instruments that are not actively traded on the market. Fair value of these financial instruments was calculated using techniques for which all inputs which have a significant effect on the recorded fair value are observable on the active market. Financial characteristics of comparable financial instruments actively traded on the market were used as inputs for the fair valuation models.

The following describes the methodologies and assumptions used to determine fair values for financial instruments.

Derivatives

Derivatives valued using a valuation technique with market observable inputs derived from well-known market information systems are mainly foreign currency interest rate swaps, interest rate swaps, currency swaps, forward foreign exchange contracts and foreign exchange option contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. Option-pricing is mostly done with Black-Scholes model and for certain types of options with stochastic local volatility model. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and implied volatility. In rare exceptional cases, DCF model may be applied, in case where it is impossible to obtain market data.

29 Fair Value Disclosures (Continued)

Trading securities, securities designated as at fair value through profit or loss and investment securities available-for-sale

Trading securities, securities designated as at fair value through profit or loss and investment securities available-for-sale valued using a valuation technique or pricing models primarily consist of unquoted equity and debt securities. These securities are valued using models which sometimes only incorporate data observable in the market and at other times use both observable and non-observable data. The non-observable inputs to the models include assumptions regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

The following table shows transfers between Level 1 and Level 2 of the fair value hierarchy for financial assets measured as at fair value during the nine months ended 30 September 2016:

	Transfers between Level 1 and Level 2	
(unaudited) *in billions of Russian Roubles*	**From Level 1 to Level 2**	**From Level 2 to Level 1**
Financial assets		
Trading securities	—	1.5
Securities designated as at fair value through profit or loss	2.2	3.5
Investment securities available-for-sale	9.9	8.5
Total transfers of financial assets	**12.1**	**13.5**
Financial liabilities		
Obligation to deliver securities	—	0.1
Total transfers of financial liabilities	**—**	**0.1**

The following table shows transfers between Level 1 and Level 2 of the fair value hierarchy for financial assets and liabilities measured as at fair value during the year ended 31 December 2015:

	Transfers between Level 1 and Level 2	
in billions of Russian Roubles	**From Level 1 to Level 2**	**From Level 2 to Level 1**
Financial assets		
Trading securities	6.4	10.3
Securities designated as at fair value through profit or loss	0.8	1.1
Investment securities available-for-sale	204.7	29.9
Total transfers of financial assets	**211.9**	**41.3**
Financial liabilities		
Obligation to deliver securities	—	10.2
Total transfers of financial liabilities	**—**	**10.2**

The financial instruments are transferred from Level 2 and Level 3 to Level 1 when they become actively traded and fair values are determined using quoted prices in an active market.

The financial instruments are transferred from Level 1 to Level 2 when they ceased to be actively traded, the liquidity of the market is not sufficient to use the market quotation for the valuation and fair values are consequently obtained from valuation techniques using observable market inputs.

The financial instruments are transferred to Level 3 when they ceased to be actively traded and there is no possibility to use valuation techniques with observable market inputs.

29 Fair Value Disclosures (Continued)

The following table shows a reconciliation of the opening and closing amount of Level 3 assets which are recorded as at fair value as at 30 September 2016:

(unaudited) in billions of Russian Roubles	At 31 December 2015 (audited)	Total (losses)/ gains reported in statement of profit or loss	Foreign currency revaluation	Purchases	Business combinations	Sales/ Settlements	Transfers from Level 3	Transfers to Level 3	At 30 September 2016
Trading securities	**0.1**	(0.1)	—	—	—	—	—	0.1	**0.1**
Securities designated as at fair value through profit or loss	**20.2**	0.7	0.1	—	—	(0.1)	—	—	**20.9**
Investment securities available-for-sale	**2.8**	(0.2)	(0.3)	—	—	(2.5)	—	0.7	**0.5**
Derivative financial instruments	**11.4**	1.9	(1.4)	—	—	(11.9)	—	—	**—**
Investment property	**11.1**	—	(0.9)	1.3	2.2	(1.3)	—	0.2	**12.6**
Office premises	**316.9**	(6.2)	(2.3)	21.9	—	(5.6)	(7.6)	—	**317.1**
Total level 3 assets	**362.5**	**(3.9)**	**(4.8)**	**23.2**	**2.2**	**(21.4)**	**(7.6)**	**1.0**	**351.2**

For the nine months ended 30 September 2016 the gains in the amount of RR 0.4 billion reported in the interim consolidated statement of profit or loss on Level 3 financial assets were unrealized.

Total losses recognized as profit or loss on trading securities which are presented in the table above are reported in the interim consolidated statement of profit or loss within net gains from trading securities.

Total gains recognized as profit or loss on securities designated as at fair value through profit or loss which are presented in the table above are reported in the interim consolidated statement of profit or loss within net gains from securities designated as at fair value through profit or loss.

Total losses recognized as profit or loss on investment securities available-for-sale which are presented in the table above are reported in the interim consolidated statement of profit or loss within net gains from investment securities available-for-sale.

Total gains recognized as profit or loss on derivative financial instruments which are presented in the table above are reported in the interim consolidated statement of profit or loss within net (losses) / gains from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation; within net gains / (losses) from operations with precious metals, precious metals derivatives and precious metals accounts translation and within net (losses) / gains from operations with other derivatives.

Valuation of share in a real estate company of RR 8.0 billion using valuation techniques based on non-observable inputs

The Group determined fair value of investments based on discounted cash flow model using the following key assumptions: WACC and estimated capitalization rate (CapRate) which depend on forecasts on property prices. WACC as at 30 September 2016 is 12.5%, CapRate – 8.75%.

Should the discount rate used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 1.2 billion lower / RR 1.3 billion higher. Should the capitalization rate used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 1.2 billion lower / RR 1.5 billion higher.

Valuation of non-voting share in a special investment fund (SIF) with investments in oil companies of RR 4.8 billion using valuation techniques based on non-observable inputs

The Group determined fair value of investments based on discounted cash flow model using the following key assumptions: WACC and estimated guaranteed fixed yield on exit. Guaranteed fixed yield is not linked to the market and so has immaterial influence on the value of the financial instrument. WACC as at 30 September 2016 is 13.5%.

Should the discount rate used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 0.05 billion lower / RR 0.05 billion higher.

29 Fair Value Disclosures (Continued)

Valuation of investment in a mining company of RR 4.8 billion using valuation techniques based on non-observable inputs

Fair value of investments was determined based on net assets value, while valuation of the investments in the company's operational subsidiaries was based on discounted cash flow model using the following key assumptions: WACC, operational expenses, cost of investments, price and volume of sale.

WACC of operational companies as at 30 September 2016 is 17.3%, 19.8%, 19.6% and 17.5%. Should the discount rate used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 0.1 billion lower / RR 0.2 billion higher.

Valuation of investment in a packaging company of RR 1.2 billion using valuation techniques based on non-observable inputs

Fair value of investment was determined based on discounted cash flow model. Valuation of the investments in the company's operational subsidiaries was based on discounted cash flow model using the following key assumptions: rate of return on equity (ROE), price and volume of sale, operational expenses, cost of investments.

The estimated value of the required return on equity (ROE) for the operating companies amounted to 18.8%. Should ROE used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of a financial instrument would be RR 0.1 billion lower / RR 0.1 billion higher.

Valuation of share in a company with a real estate located in Moscow of RR 1.2 billion using valuation techniques based on non-observable inputs

The Group determined fair value of investments based on discounted cash flow model using the following income parameters: sale price and discount rate.

Should the discount rate used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 0.02 billion lower / RR 0.02 billion higher. Should the sale price used by the Group in the valuation model decrease / increase by 5.0%, the carrying value of the financial instrument would be RR 0.04 billion lower / RR 0.04 billion higher.

Valuation of investment in a construction company of RR 0.3 billion using valuation techniques based on non-observable inputs

Fair value of investment was determined based on discounted cash flow model. Valuation of the investments was based on discounted cash flow model using the following key assumptions: WACC, construction project revenue, operational expenses, cost of investments.

The estimated value of WACC for the operating companies amounted to 19.6%. Should WACC used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of a financial instrument would not change significantly.

Valuation of investments in mutual funds which main assets comprised real estate investments of RR 0.6 billion using valuation techniques based on non-observable inputs

Fair value of investments in mutual funds which main assets comprise real estate investments are determined based on fair value of properties. Each property is revalued regularly by independent appraisers using sales comparison and income approaches. Application of market average ranges, which is considered to be a reasonably possible change of assumptions used in valuation model for calculation of fair value of such units, results in increase / decrease of fair value by RR 0.05 billion in case of application of the highest / lowest end of the range respectively.

29 Fair Value Disclosures (Continued)

Valuation of share in seismic exploration company of RR 0.5 billion using valuation techniques based on non-observable inputs

Fair value of investments was based on discounted cash flow model using the following key assumptions: rate of return on equity (ROE), price and volume of sale, operational expenses, cost of investments. The estimated value of discount rate which is based on the required rate of return on investments in similar companies amounted to 23.1% as at 30 September 2016. Should ROE used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of a financial instrument would be RR 0.04 billion lower / RR 0.04 billion higher.

The following table shows a reconciliation of the opening and closing amount of Level 3 assets which are recorded as at fair value as at 31 December 2015:

in billions of Russian Roubles	**At 31 December 2014**	**Total gains/ (losses) reported in statement of profit or loss**	**Foreign currency revaluation**	**Total gains reported in other compre-hensive income**	**Purchases**	**Business combinations**	**Sales/ Settlements**	**Transfers from Level 3**	**Transfers to Level 3**	**At 31 December 2015**
Trading securities	**0.6**	—	—	—	—	—	(0.6)	—	0.1	**0.1**
Securities designated as at fair value through profit or loss	**14.5**	2.9	—	—	2.8	—	—	—	—	**20.2**
Investment securities available-for-sale	**—**	—	0.4	2.4	—	—	—	—	—	**2.8**
Derivative financial instruments	**19.2**	6.9	0.2	—	2.2	—	(17.1)	—	—	**11.4**
Investment property	**7.1**	0.4	0.3	—	1.2	2.0	(0.6)	—	0.7	**11.1**
Office premises	**315.8**	(12.9)	(0.6)	—	19.9	—	(4.4)	(0.9)	—	**316.9**
Total level 3 assets	**357.2**	**(2.7)**	**0.3**	**2.4**	**26.1**	**2.0**	**(22.7)**	**(0.9)**	**0.8**	**362.5**

For the year ended 31 December 2015 the gains in the amount of RR 4.4 billion reported in the consolidated statement of profit or loss on Level 3 financial assets were unrealized.

Total gains recognized as profit or loss on securities designated as at fair value through profit or loss which are presented in the table above are reported in the consolidated statement of profit or loss within net gains / (losses) arising from securities designated as at fair value through profit or loss.

Total gains recognized as profit or loss on derivative financial instruments which are presented in the table above are reported in the consolidated statement of profit or loss within net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation; within net losses arising from operations with precious metals, precious metals derivatives and precious metals accounts translation and within net gains arising from operations with other derivatives.

29 Fair Value Disclosures (Continued)

Valuation of share in a real estate company of RR 7.3 billion using valuation techniques based on non-observable inputs

The Group determined fair value of investments based on discounted cash flow model using the following key assumptions: WACC and estimated capitalization rate (CapRate) which depend on forecasts on property prices. WACC as at 31 December 2015 is 15.0%, CapRate – 12%.

Should the discount rate used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 0.2 billion lower / RR 0.2 billion higher. Should the capitalization rate used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 1.3 billion lower / RR 1.6 billion higher.

Valuation of non-voting share in a special investment fund (SIF) with investments in oil companies of RR 5.3 billion using valuation techniques based on non-observable inputs

The Group determined fair value of investments based on discounted cash flow model using the following key assumptions: WACC and estimated guaranteed fixed yield on exit. Guaranteed fixed yield is not linked to the market and so has immaterial influence on the value of the financial instrument. WACC as at 31 December 2015 is 13.5%.

Should the discount rate used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 0.05 billion lower / RR 0.05 billion higher.

Valuation of shares of an international payment system of RR 2.7 billion using valuation techniques based on non-observable inputs

Fair value of investment was determined based on the valuation of up-front consideration due to the expected sale of shares.

Valuation of investment in a mining company of RR 4.7 billion using valuation techniques based on non-observable inputs

Fair value of investments was determined based on net assets value, while valuation of the investments in the company's operational subsidiaries was based on discounted cash flow model using the following key assumptions: WACC, operational expenses, cost of investments, price and volume of sale.

WACC of operational companies as at 31 December 2015 is 19.5%, 19.3%, 18.5% and 19.5%. Should the discount rate used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of the financial instrument would be RR 0.3 billion lower / RR 0.4 billion higher.

Valuation of investment in a packaging company of RR 1.1 billion using valuation techniques based on non-observable inputs

Fair value of investment was determined based on discounted cash flow model. Valuation of the investments in the company's operational subsidiaries was based on discounted cash flow model using the following key assumptions: rate of return on equity (ROE), price and volume of sale, operational expenses, cost of investments.

The estimated value of the required return on equity (ROE) for the operating companies amounted to 23.3%. Should ROE used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of a financial instrument would be RR 0.1 billion lower / RR 0.1 billion higher.

Valuation of investment in a construction company of RR 0.3 billion using valuation techniques based on non-observable inputs

Fair value of investment was determined based on discounted cash flow model. Valuation of the investments was based on discounted cash flow model using the following key assumptions: WACC, construction project revenue, operational expenses, cost of investments.

The estimated value of WACC for the operating companies amounted to 23.2%. Should WACC used by the Group in the valuation model increase / decrease by 1.0%, the carrying value of a financial instrument would be RR 0.02 billion lower / RR 0.02 billion higher.

29 Fair Value Disclosures (Continued)

Valuation of share in a company with a real estate located in Moscow of RR 1.2 billion using valuation techniques based on non-observable inputs

The Group determined fair value of investments based on discounted cash flow model using the following income parameters: sale price and rental rate.

Should the income parameters used by the Group in the valuation model increase / decrease by 5.0%, the carrying value of the financial instrument would be RR 0.04 billion higher / RR 0.04 billion lower.

Valuation of investments in mutual funds which main assets comprised real estate investments of RR 0.6 billion using valuation techniques based on non-observable inputs

Fair value of investments in mutual funds which main assets comprise real estate investments are determined based on fair value of these properties. Each property is revalued regularly by independent appraisers using sales comparison and income approaches. Application of market average ranges, which is considered to be a reasonably possible change of assumptions used in valuation model for calculation of fair value of such units, results in increase / decrease of fair value by RR 0.06 billion in case of application of the highest / lowest end of the range respectively.

Valuation of foreign currency derivatives contracts of RR 11.4 billion using non-observable inputs

The input used for estimation of fair values of foreign currency derivatives as at 31 December 2015 was the yield to maturity of the Belarusian Eurobonds in USD with maturity date in January, 2018, amounting to 7.13%.

The obligations in Belarusian roubles were estimated against the prevailing rate of attracting funds in Belarusian roubles which is 27.5%. Should the input rate for Belarusian roubles decrease by 1,000 basis points the carrying value of the foreign currency derivatives would be RR 0.1 billion lower.

29 Fair Value Disclosures (Continued)

Fair values of financial assets and liabilities not accounted at fair value in the interim condensed consolidated financial statements are disclosed below. There are following financial assets and financial liabilities not disclosed in the table below because their carrying amount is a reasonable approximation of fair value due to their short-term nature or repricing to current market rates:

- cash and cash equivalents;
- mandatory cash balances with central banks;
- other financial assets;
- other financial liabilities.

Fair values of financial assets not accounted for at fair value in the interim condensed consolidated financial statements are as follows:

	30 September 2016 (unaudited)		31 December 2015	
in billions of Russian Roubles	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Financial assets carried at amortized cost				
Due from banks	466.2	466.2	750.6	750.6
Loans and advances to customers:				
- Commercial loans to legal entities	9,174.9	9,260.9	9,671.8	9,683.1
- Specialized loans to legal entities	3,834.2	3,902.1	4,353.8	4,202.6
- Consumer and other loans to individuals	1,467.5	1,491.2	1,546.5	1,541.9
- Mortgage loans to individuals	2,647.4	2,656.3	2,497.3	2,482.8
- Credit cards and overdrafts to individuals	544.5	544.5	528.6	528.6
- Car loans to individuals	112.8	111.3	129.8	127.4
Securities pledged under repurchase agreements:				
- Investment securities held-to-maturity pledged under repurchase agreements	59.9	60.3	72.4	72.9
Investment securities held-to-maturity	448.1	456.2	477.7	464.9
Total	**18,755.5**	**18,949.0**	**20,028.5**	**19,854.8**

29 Fair Value Disclosures (Continued)

Fair values of financial liabilities not accounted at fair value in the interim condensed consolidated financial statements are as follows:

	30 September 2016 (unaudited)		31 December 2015	
in billions of Russian Roubles	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Financial liabilities carried at amortized cost				
Due to banks	711.6	712.0	1,045.9	1,045.4
Due to Individuals:				
- Current/demand accounts	2,341.4	2,341.4	2,415.4	2,415.4
- Term deposits	9,745.6	9,785.2	9,627.9	9,638.2
- Direct repo agreements	1.1	1.1	0.4	0.4
Due to corporate customers:				
- Current/settlement accounts of state and public organizations	170.5	170.5	134.3	134.3
- Term deposits of state and public organizations	214.6	213.3	325.3	319.2
- Direct repo agreements with state and public organizations	90.0	90.0	—	—
- Current/settlement accounts of other corporate customers	2,197.2	2,197.2	2,226.9	2,226.9
- Term deposits of other corporate customers	3,779.3	3,752.1	4,957.4	4,860.4
- Direct repo agreements with other corporate customers	70.2	70.2	110.7	110.7
Debt securities in issue:				
- Savings certificates	571.9	573.2	577.7	577.8
- Loan participation notes issued under the MTN programme of Sberbank	498.9	523.6	607.0	606.6
- Bonds issued:				
- on the local market	88.9	88.9	70.1	68.8
- on international capital markets	24.8	23.7	34.5	34.6
- Promissory notes	80.9	80.6	80.7	80.5
- Bonds issued under mortgage securitization programme of Sberbank	5.9	5.9	7.2	7.3
- Other debt securities issued	1.1	1.1	1.3	1.3
Other borrowed funds	281.5	279.3	398.0	396.0
Subordinated debt:				
- Subordinated debt received by the Group from the Bank of Russia	528.8	528.8	504.5	504.5
- Subordinated debt issued under the MTN programme of Sberbank	214.3	218.6	259.0	231.4
- Other subordinated debt	38.3	36.3	43.0	40.8
Total	**21,656.8**	**21,693.0**	**23,427.2**	**23,300.5**

30 Transfers of Financial Assets and Pledged Assets

The following note provides a summary of financial assets which have been pledged or transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition.

The table below shows the amount of operations under sale and repurchase agreements which the Group enters into in the normal course of business.

	30 September 2016 (unaudited)				31 December 2015			
	Due to banks		Due to customers		Due to banks		Due to customers	
in billions of Russian Roubles	Carrying value of assets	Carrying value of related liability	Carrying value of assets	Carrying value of related liability	Carrying value of assets	Carrying value of related liability	Carrying value of assets	Carrying value of related liability
Securities pledged under repurchase agreements	94.0	92.6	166.8	159.3	114.4	112.4	107.6	110.6
Securities issued by the Bank pledged under repurchase agreements	—	—	0.1	0.1	0.1	0.1	0.9	0.5
Securities of clients pledged under repurchase agreements	19.6	16.1	1.7	1.9	6.6	5.9	—	—
Total before margin calls	**113.6**	**108.7**	**168.6**	**161.3**	**121.1**	**118.4**	**108.5**	**111.1**
Other financial assets (margin calls under repurchase agreements)	—	—	0.3	—	12.8	—	0.1	—
Total	**113.6**	**108.7**	**168.9**	**161.3**	**133.9**	**118.4**	**108.6**	**111.1**

Refer to Note 8 for information on details of own securities portfolio pledged under repurchase agreements.

In the normal course of business, the Group makes borrowings on interbank market using different financial instruments as collateral to support its everyday operations in terms of liquidity.

The summary of the financial assets transferred without derecognition and pledged assets is presented below:

	30 September 2016 (unaudited)		31 December 2015	
in billions of Russian Roubles	Carrying value of assets	Carrying value of related liability	Carrying value of assets	Carrying value of related liability
Cash and cash equivalents	—	—	0.2	—
Loans to corporate customers	120.7	100.8	372.0	290.8
Loans to individuals	7.1	5.9	8.5	7.2
Securities	32.8	23.2	41.1	31.3
Other assets	—	—	8.3	3.9
Total	**160.6**	**129.9**	**430.1**	**333.2**

Assets transferred without derecognition are represented by loans to individuals pledged under mortgage securitization programme of Sberbank. Refer to Note 15 for detailed information on bonds issued under this programme. Margin calls transferred are disclosed in Note 12. Other assets represented in the table above are pledged.

30 Transfers of Financial Assets and Pledged Assets (Continued)

The Group also enters into reverse sale and repurchase agreements. The summary of such operations is provided in the table below:

in billions of Russian Roubles	30 September 2016 (unaudited) Amount of loans granted under repo agreements	30 September 2016 (unaudited) Fair value of securities received as collateral	31 December 2015 Amount of loans granted under repo agreements	31 December 2015 Fair value of securities received as collateral
Cash and cash equivalents	298.4	332.8	89.2	100.6
Due from banks	285.2	330.1	217.4	256.0
Loans and advances to customers	115.0	149.6	121.6	171.6
Total	**698.6**	**812.5**	**428.2**	**528.2**

31 Offsetting of Financial Instruments

Financial instruments subject to offsetting, enforceable master netting (ISDA, RISDA, etc.) and similar arrangements are as follows as at 30 September 2016:

(unaudited) in billions of Russian Roubles	Gross amount of recognized financial assets/ liabilities	Gross amount of recognized financial assets/ liabilities set off in the statement of financial position	Net amount of financial assets/ liabilities presented in the statement of financial position	Related amounts not set off in the statement of financial position: Financial instruments	Related amounts not set off in the statement of financial position: Cash collateral	Net amount
Financial assets						
Derivative financial assets	203.4	—	203.4	(90.6)	(23.6)	89.2
Reverse repurchase agreements	698.6	—	698.6	(698.6)	—	—
Total financial assets	**902.0**	**—**	**902.0**	**(789.2)**	**(23.6)**	**89.2**
Financial liabilities						
Derivative financial liabilities	192.5	—	192.5	(90.6)	(81.3)	20.6
Direct repurchase agreements	270.0	—	270.0	(269.3)	—	0.7
Total financial liabilities	**462.5**	**—**	**462.5**	**(359.9)**	**(81.3)**	**21.3**

The comparative information as at 31 December 2015 is presented in the table below:

in billions of Russian Roubles	Gross amount of recognized financial assets/ liabilities	Gross amount of recognized financial assets/ liabilities set off in the statement of financial position	Net amount of financial assets/ liabilities presented in the statement of financial position	Related amounts not set off in the statement of financial position: Financial instruments	Related amounts not set off in the statement of financial position: Cash collateral	Net amount
Financial assets						
Derivative financial assets	440.6	—	440.6	(197.1)	(50.1)	193.4
Reverse repurchase agreements	428.2	—	428.2	(428.2)	—	—
Total financial assets	**868.8**	**—**	**868.8**	**(625.3)**	**(50.1)**	**193.4**
Financial liabilities						
Derivative financial liabilities	387.3	—	387.3	(197.1)	(98.9)	91.3
Direct repurchase agreements	229.5	—	229.5	(222.8)	—	6.7
Total financial liabilities	**616.8**	**—**	**616.8**	**(419.9)**	**(98.9)**	**98.0**

31 Offsetting of Financial Instruments (Continued)

The Group has master netting arrangements with counterparty banks, which are enforceable in case of default. The Group also made margin deposits with clearing house counterparty as collateral for its outstanding derivative positions. The counterparty may set off the Group's liabilities with the margin deposit in case of default. Margin calls transferred are presented within other financial assets; please refer to Note 12.

The Group also received margin deposits as collateral which may be set off with the Group's counterparties' liabilities on outstanding derivative contracts in case of default of the Group's counterparties. Margin calls received are presented within other financial liabilities; please refer to Note 17.

The disclosure does not apply to loans and advances to customers and related customer deposits unless they are set off in the interim consolidated statement of financial position.

32 Related Party Transactions

For the purposes of these interim condensed consolidated financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The Group's principal shareholder is the Bank of Russia (refer to Note 1). Other related parties in the tables below comprise key management personnel, their close family members, associated companies of the Group. Disclosures are made in Note 33 for significant transactions with state-controlled entities and government bodies.

As at 30 September 2016 and 31 December 2015, the outstanding balances with the Bank of Russia and other related parties were as follows:

	30 September 2016 (unaudited)		31 December 2015	
in billions of Russian Roubles	**Bank of Russia**	**Other related parties**	**Bank of Russia**	**Other related parties**
Assets				
Cash and cash equivalents	799.8	—	472.7	—
Mandatory cash balances with the Bank of Russia	158.3	—	118.5	—
Due from banks	3.4	—	1.8	—
Gross loans and advances to customers	—	32.1	—	36.7
Other assets	—	0.5	—	0.9
Liabilities				
Due to banks	74.6	—	269.8	—
Due to individuals	—	7.8	—	7.9
Due to corporate customers	—	0.5	—	2.2
Subordinated debt	528.8	—	504.5	—
Other liabilities	—	3.7	—	0.6

As at 30 September 2016 included in operations with other related parties are deposits attracted from key management personnel and their close family members in the amount of RR 7.8 billion (31 December 2015: RR 7.9 billion); as at 30 September 2016 included in operations with other related parties are loans and advances granted to key management personnel and their close family members in the amount of RR 0.1 billion (31 December 2015: RR 0.1 billion).

32 Related Party Transactions (Continued)

The income and expense items with the Bank of Russia and other related parties for the nine months ended 30 September 2016 and 30 September 2015 were as follows:

	Nine months ended 30 September			
	2016		2015	
(unaudited) *in billions of Russian Roubles*	**Bank of Russia**	**Other related parties**	**Bank of Russia**	**Other related parties**
Interest income	0.6	2.8	0.1	3.3
Interest expense on subordinated debt	(24.3)	—	(24.2)	—
Interest expense other than on subordinated debt	(13.7)	(0.5)	(169.9)	(4.0)
Revenue of non-banking business activities	—	0.4	—	1.2
Commission expense	(1.2)	—	(1.3)	(0.3)
Operating expenses	—	(3.7)	—	—

The income and expense items with the Bank of Russia and other related parties for the three months ended 30 September 2016 and 30 September 2015 were as follows:

	Three months ended 30 September			
	2016		2015	
(unaudited) *in billions of Russian Roubles*	**Bank of Russia**	**Other related parties**	**Bank of Russia**	**Other related parties**
Interest income	0.4	0.8	—	2.2
Interest expense on subordinated debt	(8.3)	—	(8.3)	—
Interest expense other than on subordinated debt	(1.7)	(0.3)	(36.7)	(3.7)
Revenue of non-banking business activities	—	0.1	—	0.3
Commission expense	(0.4)	—	(0.4)	(0.1)
Operating expenses	—	(1.2)	—	—

For the nine months ended 30 September 2016, interest expense on deposits attracted from key management personnel and their close family members comprised RR 0.5 billion (for the nine months ended 30 September 2015: RR 0.4 billion). For the three months ended 30 September 2016, interest expense on deposits attracted from key management personnel and their close family members comprised RR 0.3 billion (for the three months ended 30 September 2015: RR 0.2 billion).

For the nine months ended 30 September 2016, regular remuneration of the members of the key management personnel comprised salaries and bonuses totaling RR 2.2 billion (for the nine months ended 30 September 2015: RR 0.8 billion). For the three months ended 30 September 2016, regular remuneration of the members of the key management personnel comprised salaries and bonuses totaling RR 0.7 billion (for the three months ended 30 September 2015: RR 0.2 billion).

32 Related Party Transactions (Continued)

Also in 2015 the Bank has introduced a long term cash settled motivation program for the key management personnel with share-based features. The program has been designed within a framework of risk oriented remuneration and is in full compliance with the requirements of the Bank of Russia on the remuneration system for Russian credit institutions. The program parameters are as follows:

- 40% of the variable part of the annual compensation is deferred and is paid in 3 annual installments;
- payments to the participants of the program are contingent upon the Bank’s positive performance, e.g. if the Bank has a loss in any of the 3 years following the year in which the award was granted, payments to the participants are forfeited for that particular year;
- awards may be fully or partially forfeited, for example, due to individual misconduct (including a breach of regulations) or termination for cause and also due to negative individual contributions to the Bank’s results.

For the nine months ended 30 September 2016 share-based long term compensation has amounted to RR 1.3 billion (for the nine months ended 30 September 2015: nil). For the three months ended 30 September 2016 share-based long term compensation has amounted to RR 0.5 billion (for the three months ended 30 September 2015: nil).

Share-based long term compensation is payable in cash, and is remeasured to fair value at each reporting date based on the average value of the Bank’s ordinary shares for the preceding six months. Payables on share-based long term compensation as at 30 September 2016 amounted to RR 1.8 billion (31 December 2015: 0.6 billion). The related obligations are included in other financial liabilities in the interim consolidated statement of financial position until paid.

33 Operations with State-Controlled Entities and Government Bodies

In the normal course of business, the Group enters into contractual agreements with the government of the Russian Federation and entities controlled by it. The Group provides the state-controlled entities and government bodies with a full range of banking services including, but not limited to, lending, deposit-taking, issue of guarantees, operations with securities, cash and settlement transactions. Operations with state-controlled entities and government bodies are carried out on general market terms and constitute the minority of the Group's operations.

Balances with state-controlled entities and government bodies which are significant in terms of the carrying amount as at 30 September 2016 are disclosed below:

(unaudited) In billions of Russian Roubles				**30 September 2016**
		Loans and advances to customers / Due from banks	**Due to corporate customers / Due to banks**	**Guarantees issued**
Client	**Sector**			
Client 1	Energy	135.8	234.6	21.3
Client 2	Oil and gas	233.2	151.2	7.2
Client 3	Machinery	244.5	49.9	17.5
Client 4	Machinery	162.8	59.7	70.1
Client 5	Oil and gas	62.1	181.0	3.7
Client 6	Oil and gas	—	208.2	—
Client 7	Machinery	91.5	89.8	21.9
Client 8	Machinery	55.6	47.5	82.9
Client 9	Energy	141.1	11.4	0.2
Client 10	Machinery	91.6	29.2	0.3
Client 11	Government and municipal bodies	14.7	90.9	—
Client 12	Transport, aviation, space industry	33.0	40.5	30.4
Client 13	Machinery	2.4	22.0	71.8
Client 14	Energy	70.7	13.8	0.2
Client 15	Banking	45.5	33.5	—
Client 16	Machinery	48.5	19.9	2.0
Client 17	Other	64.0	1.1	—
Client 18	Machinery	59.5	0.3	—
Client 19	Telecommunications	47.6	1.2	6.9
Client 20	Government and municipal bodies	49.9	—	—

33 Operations with State-Controlled Entities and Government Bodies (Continued)

Additionally as at 30 September 2016 balances from operations with state-controlled entities and government bodies include receivables from Deposit Insurance Agency of RR 22.5 billion (31 December 2015: RR 73.2 billion) which represent receivables recognized from settlements on deposit compensations to clients of the banks whose license was withdrawn by the Bank of Russia. These balances are included in other financial assets in the interim consolidated statement of financial position. Refer to Note 12.

Balances with state-controlled entities and government bodies as at 31 December 2015 disclosed below contain balances which are significant in terms of the carrying amount as at 30 September 2016 (Clients 1-20), and additional entities with the balances which were significant as at 31 December 2015 (Clients 21-22):

				31 December 2015
In billions of Russian Roubles		**Loans and advances to customers / Due from banks**	**Due to corporate customers / Due to banks**	**Guarantees issued**
Client	**Sector**			
Client 1	Energy	188.4	303.6	26.8
Client 2	Oil and gas	242.6	139.1	11.1
Client 3	Machinery	191.4	107.5	18.8
Client 4	Machinery	195.8	95.4	55.0
Client 5	Oil and gas	57.2	331.8	—
Client 6	Oil and gas	—	189.5	—
Client 7	Machinery	84.6	84.3	22.4
Client 8	Machinery	40.6	44.6	94.7
Client 9	Energy	163.5	40.2	—
Client 10	Machinery	120.5	35.8	2.2
Client 11	Government and municipal bodies	3.4	—	—
Client 12	Transport, aviation, space industry	26.4	21.4	21.6
Client 13	Machinery	1.5	24.6	87.9
Client 14	Energy	67.3	31.0	—
Client 15	Banking	58.0	20.0	—
Client 16	Machinery	45.5	15.5	2.2
Client 17	Other	72.5	3.5	—
Client 18	Machinery	63.3	0.2	—
Client 19	Telecommunications	78.9	0.8	8.9
Client 20	Government and municipal bodies	46.1	—	—
Client 21	Banking	41.8	55.7	—
Client 22	Government and municipal bodies	53.4	—	—

As at 30 September 2016 and 31 December 2015 the Group's investments in securities issued by government-controlled corporate entities were as follows:

	30 September 2016 (unaudited)		31 December 2015	
In billions of Russian Roubles	**Corporate bonds**	**Corporate shares**	**Corporate bonds**	**Corporate shares**
Trading securities	16.0	4.5	20.6	6.3
Securities designated as at fair value through profit or loss	164.2	1.0	137.2	0.5
Investment securities available-for-sale	278.9	29.0	319.8	21.8
Investment securities held-to-maturity	83.7	—	88.6	—

For disclosures on investments in government debt securities please refer to Notes 5, 8, 9 and 10.

34 Principal Subsidiaries

The table below provides details on principal subsidiaries of the Bank as at 30 September 2016:

Name	Nature of business	Percentage of ownership	Country of registration
DenizBank (DenizBank AS)	banking	99.85%	Turkey
Sberbank Europe AG	banking	100.00%	Austria
OJSC BPS-Sberbank	banking	98.43%	Belarus
SB JSC Sberbank	banking	100.00%	Kazakhstan
SBERBANK PJSC	banking	100.00%	Ukraine
Sberbank (Switzerland) AG	banking	99.28%	Switzerland
Cetelem Bank LLC	banking	79.20%	Russia
JSC Sberbank Leasing	leasing	100.00%	Russia
LLC Sberbank Capital	finance	100.00%	Russia
Troika Dialog Group Ltd.	finance	100.00%	Cayman islands
LLC Insurance company "Sberbank insurance life"	finance	100.00%	Russia
LLC Insurance company "Sberbank insurance"	finance	100.00%	Russia
LLC Sberbank Factoring	finance	100.00%	Russia
JSC Rublevo-Archangelskoe	construction	100.00%	Russia
LLC Sberbank Investments	finance	100.00%	Russia
LLC Aukcion	services	100.00%	Russia
PS Yandex.Money LLC	telecommunications	75.00% minus one Russian Rouble	Russia
JSC Non-state Pension Fund of Sberbank	finance	100.00%	Russia

The share of the subsidiaries of the Bank in the consolidated assets of the Group as at 30 September 2016 was 21.0% (31 December 2015: 22.1%).

35 Capital Adequacy Ratio

The Group's objectives when managing capital are (i) to comply with the regulatory capital requirements set by the Bank of Russia and (ii) to safeguard the Group's ability to continue as a going concern.

According to requirements set by the Bank of Russia statutory capital ratio has to be maintained by the Bank above the minimum level of 8.0% (31 December 2015: 10.0%). As at 30 September 2016 this regulatory capital adequacy ratio N1.0 was 12.7% (31 December 2015: 11.9%). Compliance with capital adequacy ratios set by the Bank of Russia is monitored monthly with reports outlining the calculation.

35 Capital Adequacy Ratio (Continued)

The Group also monitors capital adequacy ratio based on Basel Accord to make sure it maintains a level of at least 8.0%. As at 30 September 2016 and 31 December 2015, Capital Adequacy Ratios calculated by the Group in accordance with the International Convergence of Capital Measurement and Capital Standards (July 1988, updated to November 2005) and Amendment to the Capital Accord to incorporate market risks (updated November 2005), commonly known as Basel 1 requirements, were as follows:

in billions of Russian Roubles	30 September 2016 (unaudited)	31 December 2015
Tier 1 capital		
Share capital	87.7	87.7
Share premium	232.6	232.6
Retained earnings	2,294.8	1,935.2
Treasury shares	(9.8)	(6.7)
less Goodwill	(20.3)	(22.1)
Total Tier 1 capital (core capital)	***2,585.0***	***2,226.7***
Tier 2 capital		
Revaluation reserve for office premises	66.0	69.3
Fair value reserve for investment securities available-for-sale	10.2	(20.6)
Foreign currency translation reserve	37.6	101.1
Eligible subordinated debt	752.9	781.2
less Investments in associates	(7.3)	(6.5)
Total Tier 2 capital	***859.4***	***924.5***
Total capital	**3,444.4**	**3,151.2**
Risk weighted assets (RWA)		
Credit risk	22,393.8	24,225.7
Market risk	768.4	769.8
Total risk weighted assets (RWA)	**23,162.2**	**24,995.5**
Core capital adequacy ratio (Total Tier 1 capital / Total RWA), %	**11.2**	**8.9**
Total capital adequacy ratio (Total capital / Total RWA), %	**14.9**	**12.6**

36 Subsequent Events

In October 2016 the Bank of Russia following the Bank's voluntary appeal revoked the Bank's license for securities management activities to eliminate duplication of functions of securities management within the Group.